



Saldanha Bay Municipality
Annual financial statements
for the year ended 30 June 2009

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

General Information

| | |
|---|--|
| Legal form of entity | South African local Municipality as defined by the Municipal Structures Act (Act no 117 of 1998) |
| Nature of business and principal activities | Saldanha Bay Municipality is a local municipality performing the functions as set out in the Constitution (Act no 105 of 1996) |
| Grading of local authority | High Capacity Grade 9 |
| Accounting Officer | J Fortuin |
| Chief Finance Officer (CFO) | J Luus |
| Business address | 12 Main Street Vredenburg Western Cape 7380 |
| Postal address | Private Bag X12 Vredenburg Western Cape 7380 |
| Bankers | Standard Bank |
| Auditors | Office of the Auditor General |
| Attorneys | Utilise attorneys in the Municipal Area |

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The reports and statements set out below comprise the annual financial statements presented to the Council:

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Annual Financial Statements for the year ended 30 June 2009

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

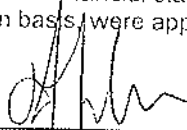
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2010 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 4 to 66, and Appendices A to K, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2009 and were signed on its behalf by:

 31 August 2009

Accounting Officer

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Statement of Financial Position

| Figures in Rand | | Note(s) | 2009 | 2008 |
|--|-----------------|---------|----------------------|--------------------|
| Assets | | | | |
| Current Assets | | | | |
| Inventories | <u>30.20</u> | 4 | 5 278 944 | 2 781 954 |
| Other financial assets | <u>25.26-28</u> | 5 | 104 650 | 195 527 |
| Other receivables from non-exchange transactions | <u>31.20</u> | 6 | 40 375 501 | 37 736 007 |
| VAT | <u>31.20</u> | | 792 559 | - |
| Trade and other receivables from exchange transactions | <u>31.20</u> | 7 | 23 288 251 | 21 752 145 |
| Operating asset | <u>27.27</u> | | 199 728 | 173 548 |
| Cash and cash equivalents | <u>32.20</u> | 8 | 343 690 727 | 295 750 555 |
| | | | 413 730 360 | 358 389 736 |
| Non-Current Assets | | | | |
| Investment property | <u>21.20</u> | 9 | 1 124 075 | - |
| Property, plant and equipment | <u>20.20</u> | 10 | 608 139 105 | 550 818 042 |
| Intangible assets | <u>23.22</u> | 11 | 2 123 814 | - |
| Other financial assets | <u>25.26-28</u> | 5 | 1 924 067 | 2 204 270 |
| | | | 613 311 061 | 553 022 312 |
| Total Assets | | | 1 027 041 421 | 911 412 048 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Other financial liabilities | <u>41.27-28</u> | 12 | 9 487 564 | 8 788 397 |
| Finance lease obligation | <u>25.29</u> | 13 | 10 090 | 86 376 |
| Trade and other payables from exchange transactions | <u>51.20</u> | 14 | 47 356 383 | 38 006 127 |
| VAT | <u>51.20</u> | | - | 277 182 |
| Consumer deposits | <u>51.20</u> | 15 | 9 584 673 | 8 659 807 |
| Unspent conditional grants and receipts | <u>43.20</u> | 16 | 29 050 219 | 22 857 065 |
| | | | 95 488 929 | 78 674 954 |
| Non-Current Liabilities | | | | |
| Other financial liabilities | <u>41.27-28</u> | 12 | 53 722 350 | 63 478 463 |
| Finance lease obligation | <u>25.29</u> | 13 | 3 237 | 12 385 |
| Retirement benefit obligation | <u>27.22</u> | 17 | 43 364 000 | - |
| Provisions | <u>52.20</u> | 18 | 25 223 862 | 3 747 140 |
| | | | 122 313 449 | 67 237 988 |
| Total Liabilities | | | 217 802 378 | 145 912 942 |
| Net Assets | | | 809 239 043 | 765 499 106 |
| Net Assets | | | | |
| Reserves | | | | |
| Revaluation reserve | <u>40.22</u> | 19 | 310 314 793 | 295 949 079 |
| Accumulated surplus | <u>40.24</u> | | 498 924 250 | 469 550 027 |
| Total Net Assets | | | 809 239 043 | 765 499 106 |

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Statement of Financial Performance

| Figures in Rand | Note(s) | 2009 | 2008 |
|---|---------|----------------------|----------------------|
| Revenue | | | |
| Property rates | 22 | 82 953 348 | 76 800 171 |
| Service charges | 23 | 216 904 783 | 184 627 259 |
| Property rates - penalties imposed and collection charges | | 5 186 999 | 4 790 523 |
| Rental of Facilities and Equipment | 24 | 7 863 105 | 8 473 542 |
| Interest received - Outstanding Debtors | | 2 416 526 | 2 455 387 |
| Income from agency services | | 2 451 903 | 2 367 851 |
| Public contributions, Donated and contributed property, plant and equipment | | - | 326 760 |
| Fines | | 1 661 748 | 1 903 425 |
| Licences and permits | | 746 367 | 896 375 |
| Government grants | 25 | 52 487 718 | 40 064 763 |
| Other - Contributions to CRR | | - | 17 566 035 |
| Other - Contribution to Bad Debt Ex Housing | | 625 021 | 2 052 370 |
| Other - Discount from Creditors | | 870 673 | 452 439 |
| Other - Building Plan Fees | | 1 129 299 | 2 310 586 |
| Other Income | | 3 066 176 | 4 143 915 |
| Interest earned - External Investments | 27 | 37 630 308 | 28 364 968 |
| Total Revenue | | 415 993 974 | 377 596 369 |
| Expenditure | | | |
| Employee related costs | 28 | (107 534 613) | (88 541 302) |
| Remuneration of councilors | 29 | (5 410 946) | (4 896 035) |
| Inventory Written Off | | (45 560) | (227 538) |
| Depreciation | 30 | (29 296 487) | (33 733 627) |
| Finance costs | 31 | (6 704 925) | (7 007 972) |
| Debt impairment | 32 | (8 893 264) | (12 238 092) |
| Collection costs | | (236 557) | (266 703) |
| Repairs and maintenance | | (19 728 081) | (15 621 425) |
| Bulk purchases | 33 | (91 227 127) | (74 033 015) |
| Grants and subsidies paid | 34 | (14 628 001) | (10 762 060) |
| General Expenses | 35 | (41 491 023) | (51 088 668) |
| Housing Schemes Top Structures Written out | | (21 007 048) | (5 078 106) |
| Other Written Out | | - | (1 961 871) |
| Total Expenditure | | (346 203 632) | (305 456 414) |
| Gains on disposal of assets | | 1 105 597 | 2 844 775 |
| Surplus for the year | | 70 895 939 | 74 984 730 |
| Attributable to: | | | |
| Net Asset holders of the controlling entity | | 70 895 939 | 74 984 730 |

Saldanha Bay Municipality
Statement of Changes in Net Assets

| | <u>Housing Dev Fund</u> | <u>Capital Replacement Reserve</u> | <u>Capitalisation Reserve</u> | <u>Government Grant Reserve</u> | <u>Donations and Public Contribution Reserve</u> | <u>Self- Insurance Reserve</u> | <u>Revaluation Reserve</u> | <u>Accumulated Surplus/ (Deficit)</u> | <u>Total</u> |
|--|---------------------------------|--|-----------------------------------|---|--|--|--------------------------------|---|--------------------|
| | R | R | R | R | R | R | R | R | R |
| 2008 | | | | | | | | | |
| Balance at 1 July 2007 | 34 259 197 | 99 321 665 | 25 907 538 | 57 665 683 | 1 545 554 | 2 278 346 | - | 135 276 710 | 356 254 694 |
| Change in accounting policy | (34 259 197) | (99 321 665) | (25 907 538) | (57 665 683) | (1 545 554) | (2 278 346) | - | 220 977 983 | - |
| Prior period errors | - | - | - | - | - | - | - | 5 970 153 | 5 970 153 |
| Restated balance 1 July 2007 | - | - | - | - | - | - | - | 362 224 846 | 362 224 847 |
| Net surplus/(deficit) for the year | - | - | - | - | - | - | - | 76 661 284 | 76 661 284 |
| Transfer from Prov of Post Retmnt Benefits | - | - | - | - | - | - | - | 5 000 000 | 5 000 000 |
| Transfer to CRR | - | - | - | - | - | - | - | -70 390 468 | -70 390 468 |
| Property, plant and equipment purchased | - | - | - | - | - | - | - | 32 423 782 | 32 423 782 |
| Add transfers to CRR | - | - | - | - | - | - | - | 19 566 035 | 19 566 035 |
| Add transfers to(from) Housing Dev Fund | - | - | - | - | - | - | - | -1 586 591 | -1 586 591 |
| Capital grants used to purchase PPE | - | - | - | - | - | - | - | -21 473 521 | -21 473 521 |
| Insurance claims processed | - | - | - | - | - | - | - | 75 293 | 75 293 |
| Transfer to(from) Housing Development Fund | - | - | - | - | - | - | - | -1 192 740 | -1 192 740 |
| Transfer to Revaluation Reserve | - | - | - | - | - | - | 302 938 622 | - | 302 938 622 |
| Offsetting of depreciation | - | - | - | - | - | - | (6 989 543) | 26 726 040 | 19 736 497 |
| Movement in internal reserves re 2008 | - | - | - | - | - | - | - | 40 821 161 | 40 821 161 |
| Balance at 30 June 2008 | - | - | - | - | - | - | 295 949 079 | 468 855 122 | 764 804 201 |
| 2009 | | | | | | | | | |
| Change in accounting policy | - | - | - | - | - | - | - | - | - |
| Prior Period Error re 2008 | - | - | - | - | - | - | - | 694 905 | - |
| Restated balance - 1 Jul 2008 | - | - | - | - | - | - | 295 949 079 | 469 550 027 | 764 804 201 |
| Net surplus/(deficit) for the year | - | - | - | - | - | - | - | 70 895 939 | 70 895 939 |
| Transfer from Prov of Post Retmnt Benefits | - | - | - | - | - | - | - | -43 364 000 | -43 364 000 |
| Transfer to Prov of Landfill Sites | - | - | - | - | - | - | - | -20 100 000 | -20 100 000 |
| Transfer to CRR | - | - | - | - | - | - | - | -74 389 396 | -74 389 396 |

| | <u>Housing Dev Fund</u> | <u>Capital Replacement Reserve</u> | <u>Capitalisation Reserve</u> | <u>Government Grant Reserve</u> | <u>Donations and Public Contribution Reserve</u> | <u>Self- Insurance Reserve</u> | <u>Revaluation Reserve</u> | <u>Accumulated Surplus/ (Deficit)</u> | <u>Total</u> |
|--|---------------------------------|--|-----------------------------------|---|--|--|--------------------------------|---|--------------|
| | R | R | R | R | R | R | R | R | R |
| Property, plant and equipment purchased | - | - | - | - | - | - | - | 54 044 446 | 54 044 446 |
| Add transfers to(from) Housing Dev Fund | - | - | - | - | - | - | - | -627 178 | -627 178 |
| Capital grants used to purchase PPE | - | - | - | - | - | - | - | -28 465 379 | -28 465 379 |
| Movement in internal reserves re 2009 | - | - | - | - | - | - | - | 59 591 881 | 59 591 881 |
| Transfer to Revaluation Reserve | - | - | - | - | - | - | 41 543 845 | - | 41 543 845 |
| Insurance claims processed | - | - | - | - | - | - | - | -43 214 | -43 214 |
| Transfer to(from) Housing Development Fund | - | - | - | - | - | - | - | -2 078 977 | -2 078 977 |
| Offsetting of depreciation | - | - | - | - | - | - | (27 178 131) | 13 910 101 | -13 268 030 |
| Balance at 30 June 2008 | - | - | - | - | - | - | 310 314 793 | 498 924 250 | 808 544 138 |

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Cash Flow Statement

| Figures in Rand | Note(s) | 2009 | 2008 |
|---|----------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 36 | 66 861 984 | 102 522 283 |
| Interest income | | 37 630 308 | 28 364 968 |
| Finance costs | | (6 682 132) | (7 007 972) |
| Net cash from operating activities | | 97 810 160 | 123 879 279 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 10 | (82 508 261) | (54 148 876) |
| Sale of property, plant and equipment | 10 | 41 663 214 | 10 078 914 |
| Purchase of other intangible assets | 11 | (1 155 714) | - |
| Sale of other financial assets | | 371 080 | 945 228 |
| Net cash from investing activities | | (41 629 681) | (43 124 734) |
| Cash flows from financing activities | | | |
| Repayment of other financial liabilities | | (9 056 946) | (2 781 999) |
| Movement in Consumer deposits | | 924 866 | 1 023 008 |
| Finance lease payments | | (108 227) | (454 550) |
| Net cash from financing activities | | (8 240 307) | (2 213 541) |
| Total cash movement for the year | | 47 940 172 | 78 541 004 |
| Cash at the beginning of the year | | 295 750 555 | 217 209 551 |
| Net increase (decrease) in cash and cash equivalents | 8 | 343 690 727 | 295 750 555 |

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP).

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy

The standards included in the GRAP reporting framework, as determined in Directive 5 as issued by the accounting Standards Board, are summarised as follows:

Standard Title of Standard

GRAP 1 Presentation of Financial Statements
GRAP 2 Cash Flow Statements
GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4 The Effects of changes in Foreign Exchange Rates
GRAP 5 Borrowing Costs
GRAP 6 Consolidated and Separate Financial Statements
GRAP 7 Investments in Associate
GRAP 8 Interest in Joint Ventures
GRAP 9 Revenue from Exchange Transactions
GRAP 10 Financial Reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events after the reporting date
GRAP 16 Investment Property
GRAP 17 Property Plant and Equipment
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
GRAP 100 Non-current Assets held for Sale and Discontinued Operations
GRAP 101 Agriculture
GRAP 102 Intangible Assets
IFRS 3 (AC 140) Business Combinations
IFRS 4 (AC 141) Insurance Contracts
IFRS 6 (AC 143) Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC 144) Financial Instruments: Disclosures
IAS 12 (AC 102) Income Taxes
IAS 19 (AC 116) Employee Benefits
IAS 32 (AC 125) Financial Instruments: Presentation
IAS 36 (AC 128) Impairment of Assets
IAS 39 (AC 133) Financial Instruments: Recognition and Measurement

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, as detailed above, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5, as issued by the accounting Standards Board.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: Uncertainties that result from the assessment of useful lives and residual values. Uncertainties that result from the fair value measurement of unquoted financial assets. Unquoted financial assets are measured at fair value using valuation techniques. Inherent to these techniques are certain uncertainties like time of cash flows, interest rates used for discounting and uncertainties related to the estimation of the rehabilitation of landfill sites.

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of financial performance, the municipality

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the municipality is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

A provision is raised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate. Contributions are made to or from the provisions to reflect the current best estimate. Expenditure relating to provisions is charged to the provision when incurred.

Post retirement benefits

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance as they fall due. Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the scheme is equivalent to those arising in a defined contribution retirement benefit plan. The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefits contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 40% of the medical aid membership fee, and the Council for the remaining 60%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due. The additional cost effect of defined benefit retirement funds is immaterial and the costs thereof are charged to the Statement of Financial Performance as they fall due. The Municipality's net obligation in respect of post retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods whereby that benefit is discounted to determine its present value. The actuarial valuation is performed by an independent qualified actuary on a regular basis using the projected unit credit method. When the

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight line basis over the average period until the benefits become vested. When the benefits become vested, the expense is recognised immediately in the Statement of Financial Performance.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Presentation Currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

Going Concern Assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

Comparative Figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.2 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

1.3 Use of Estimates

The preparation of annual financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.4 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

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Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.4 Investment property (continued)

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is unrecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Land is not depreciated and are deemed to have an indefinite useful life.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

| Item | Average useful life |
|----------------------------------|---------------------|
| Infrastructure | |
| • Water | 15 - 20 |
| • Roads and paving | 10 - 30 |
| • Electricity | 20 - 30 |
| • Sewerage | 15 - 20 |
| • Pedestrian Malls | 30 |
| • Housing | 30 |
| • Security | 3 - 5 |
| Community Assets | |
| • Land and Buildings | 30 |
| • Recreational Facilities | 20 - 30 |
| • Other Community Assets | 30 |
| Other Assets | |
| • Land and Buildings | 30 |
| • Specialist Vehicles | 10 |
| • Office Equipment | 3 - 7 |
| • Furniture and Fittings | 7 - 10 |
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1.5 Property, plant and equipment (continued)

- Landfill Sites

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The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.6 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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1.6 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Useful life |
|--------------------------|-------------|
| Computer software, other | 3 years |

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease if available otherwise the municipality's incremental borrowing rate is used.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through surplus or deficit - held for trading
- Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

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1.8 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit exclude dividends and interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial instruments designated as at fair value through profit and loss

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Accounting Policies

1.8 Financial instruments (continued)

The municipality designated Shares acquired upon demutualisation as financial instruments designated at fair value through profit and loss. There is no specific intention on the part of municipality to keep these shares until maturity and a decision to sell may be taken at any time. This designation was done specifically with the intention of selling of these shares.

Trade and other receivables

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit,
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase,

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Accounting Policies

1.8 Financial instruments (continued)

except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Non-current assets held for sale (and) (disposal groups)

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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Accounting Policies

1.10 Non-current assets held for sale (and) (disposal groups) (continued)

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.11 Impairment of assets

The municipality assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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Accounting Policies

1.12 Employee benefits (continued)

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to statement of financial position date where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the statement of financial performance over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the municipality is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of financial performance, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post-retirement health care benefits upon retirement.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.13 Provisions and contingencies

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Accounting Policies

1.13 Provisions and contingencies (continued)

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

1.14 Government grants

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised in the Statement of Financial Position. The liability is transferred to revenue as and when the conditions attached to the grant are met. Government grants are recognised as income over the periods necessary to match them with the the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the income statement (separately).

1.15 Revenue from exchange transactions

Accounting Policies

1.15 Revenue from exchange transactions (continued)

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the statement of financial position date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the statement of financial position date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable. Service charges relating to electricity and water shall be based on consumption. Meters are read on a monthly basis and is recognised as revenue when invoiced. Provisional estimates of consumption is made monthly when meter readings have not been performed. Adjustments to provisional estimates of consumption is made in the invoicing period in which meters have been read. These adjustments will be recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges from sewerage and sanitation shall be based on the number of sewerage connections on each developed property using the tariffs approved by Council and shall be levied monthly.

Revenue from the sale of goods shall be recognised when the risk is passed to the consumer. Income for agency services are recognised on a monthly basis once the income collected on behalf of agents has been quantified.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
 - to the extent that it is probable that they will result in revenue; and
 - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the amount of the revenue can be measured reliably.

1.17 Grants, transfers and donations

Grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

Donations are measured at the fair value of the consideration received or receivable when the amount of the revenue can

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Accounting Policies

be measured reliably.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of

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Accounting Policies

1.22 Fruitless and wasteful expenditure (continued)

the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.23 Conditional Grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.24 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.25 Internal Reserves

Capital replacement reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance. The total interest earned on all the CRR investments of the municipality is transferred to the CRR.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- If a gain or loss is made on the sale of assets the gain or loss on the sale of assets is reflected in the Statement of Financial Performance.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects.
- The contribution to the CRR by the relevant votes will be based on the previous year's cost price of the fixed assets controlled by that votes. The Council has three strategic votes as defined by the Municipal Finance Management Act, 2003 (Act 56 of 2003).
- The Council determines annually to contribute between 8% and 12% of the previous year's own income to the CRR.
- The current year's contribution may only be utilised for financing of capital expenditure in the following year.

Capitalisation reserve

On the implementation of GAMAP/GRAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment, were transferred to a Capitalisation Reserve rather than the accumulated surplus/deficit, as in prior years, in terms of a directive (Circular No. 18) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation charge that will be incurred over the useful lives of these items of property, plant and equipment is offset by transfers from this reserve to the accumulated surplus/deficit.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/deficit.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/deficit.

Government grant reserve

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.25 Internal Reserves (continued)

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

Self insurance reserve

The municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally (excess payments). Premiums are charged to the respective services taking into account claims history and replacement values of the insured assets. The balance of the self-insurance fund is ringfenced within the accumulated surplus/(deficit).

The Council determines annually to contribute between 0.1% and 0.5% of the previous year's own income to the Self Insurance Reserve.

Claims not fully covered by external insurance are financed from the insurance reserve by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

The municipality operates a self-insurance scheme under the Self-Insurance Reserve, which has a policy that is aligned with the practice in the Insurance Industry. The balance of the Self-Insurance Reserve is determined based on surpluses accumulated since inception.

These surpluses arise from the differences between premiums charged against claims paid and various administrative expenditure incurred.

At the end of each financial year the surplus as computed per above is transferred from accumulated surplus to Self-Insurance Reserve.

The balance of the self-insurance fund is fully cash backed and is ringfenced within accumulated surplus/(deficit).

1.26 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.27 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|-----------------|------|------|
|-----------------|------|------|

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

- IAS32 Financial Instruments: Disclosure and Presentation
- IAS39 Financial Instruments: Recognition and Measurement

IAS 23 Borrowing costs:

During the year, the municipality changed its accounting policy with respect to the treatment of borrowing costs. In order to conform with the benchmark treatment in of IAS38 – Borrowing costs. The municipality now capitalises rather than expense these costs.

Management do not have sufficient records relating to interest capitalised on plant and equipment to enable retrospective expensing of borrowing cost. For this reason the change in accounting policy is applied prospectively. The total amount of borrowing costs capitalised relating to qualified assets for the year ended 30 June 2009 amounted to R47 598.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 7 (AC 144) Financial Instruments: Disclosures

IFRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the municipality's financial instruments.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is not material.

IAS 36 (AC 128) Impairment of Assets: Consequential amendments

Under certain circumstances, a dividend received from a subsidiary, associate or joint venture could be an indicator of impairment. This occurs when:

- Carrying amount of investment in separate financial statements is greater than carrying amount of investee's net assets including goodwill in consolidated financial statements or
- Dividend exceeds total comprehensive income of investee in period dividend is declared.

The effective date of the amendment is for years beginning on or after 01 July 2008.

The municipality has adopted the amendment for the first time in the 2009 annual financial statements.

The impact of the amendment is not material.

GRAP 5: Borrowing Costs

This Standard allows entities, in the exceptionally rare cases, to expense borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. This applies when it is inappropriate to capitalise borrowing costs.

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirement of an entity directly to the nature of the expenditure to be funded i.e. capital or current. In such cases, an entity shall expense those borrowing costs related to a qualifying asset directly to the statement of financial performance.

The following Directives also need to be considered:

Directive 3 - Transitional provisions for high capacity municipalities requires that the Standard will only apply to borrowing costs incurred on qualifying assets where the commencement date for capitalisation is on or after the effective date of the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The impact of the standard is not material.

GRAP 9: Revenue from Exchange Transactions

The definition of revenue in terms of GRAP 9 incorporates the concept of service potential. Revenue is the gross inflow of economic benefits or service potential when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Entities may derive revenue from exchange or non-exchange transactions.

An exchange transaction is one in which the entity receives resources or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

Non-exchange revenue transaction is a transaction where an entity receives value from another entity without directly giving approximately equal value in exchange.

An entity recognises revenue when it is probable that economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

GRAP 9 clarifies that this Standard only applies to revenue from exchange transactions.

Other than terminology difference, no affect on initial adoption of Standard on GRAP 9.

The following Directives also need to be considered:

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is not material.

GRAP 12: Inventories

GRAP 12 includes the definition of current replacement costs as the cost the entity would incur to acquire the asset on the reporting date. GRAP 12 also includes the principal of service potential associated with the item that will flow to the entity as part of recognition criteria for inventories as well as the concept of goods purchased or produced for distribution at no charge or for a nominal consideration, which is specific to the public sector.

Initial measurement is required at cost (an exchange transaction) and where inventories are acquired at no cost or nominal consideration (non-exchange transaction), their cost shall be their fair value at acquisition date.

Subsequent measurement shall be at lower of cost and net realisable value except if inventories are held for:

- distribution at no charge or for a nominal charge, or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

If the above applies then subsequent measurement shall be at the lower of cost or current replacement cost.

The retail method of measurement of cost is excluded from GRAP 12.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is not material.

GRAP 13: Leases

GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the entity has contravened these legislative requirements, the entity is still required to apply the requirements of GRAP 13.

Other than the abovementioned requirements, there is no other impact on the initial adoption of GRAP13.

The following Directives also need to be considered:

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, the recognition requirements of the Standard would not apply to such items until the transitional provision in

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued) that Standard expires.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is not material.

GRAP 14: Events after the reporting date

An event, which could be favourable or unfavourable, that occurs between the reporting date and the date the annual financial statements are authorised for issue.

GRAP 14 requires the date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

An entity shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date.

An entity shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is not material.

GRAP 16: Investment Property

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of an entity's operations.

GRAP 16 states that the use of property to provide housing as a social service does not qualify as investment property even though rentals are earned.

At initial recognition, investment property is measured at cost including transaction costs. However, where an entity acquires investment property through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

After initial recognition, entities can carry investment property at either the fair value (fair value model) or cost less accumulated depreciation and accumulated impairment (cost model).

An entity is required to disclose the fair value of investment property if the cost model is used. When an entity carries investment properties at fair value, the fair value needs to be determined at every reporting date. Gains or losses arising from changes in fair value are included in surplus or deficit for the period in which they arise.

The following Directives also need to be considered:

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

If the carrying value relating to Investment property are material, but this carrying amount relates to Investment property transferred from Community assets during the current year and thus no retrospective statement are possible or required.

GRAP 17: Property, Plant and Equipment

GRAP 17 does not require or prohibit the recognition of heritage assets but if an entity recognises heritage assets the entity needs to comply with GRAP 17 disclosure requirements.

Additional commentary has been included in to clarify the applicability of infrastructure assets to be recognised in terms of GRAP 17.

Where an entity acquires an asset through a non-exchange transaction, i.e. for a nominal or no consideration, its cost is its fair value as at the date of acquisition.

The disclosure requirement for temporarily idle, fully depreciated property, plant and equipment and for property, plant and equipment that are retired from active use is required in GRAP 17 whereas IAS 16 only encourages this disclosure.

The following Directives also need to be considered:

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. However, entities that applied the transitional provisions in the Standard of GAMAP on Property, Plant and Equipment may continue to take advantage of those transitional provisions until they expire.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard on the prior year has been disclosed in the note 39 Prior Period Errors and Appendix K Comparative figures reclassified..

The municipality are not fully compliant with GRAP 17 and the impact on the financial statements should this standard be fully adopted in the future might be material.

GRAP 19: Provisions, Contingent Liabilities and Contingent Assets

GRAP 19 exclude from its scope those provisions and contingent liabilities arising from social benefits for which it does not receive consideration that is approximately equal to the value of goods and services provided directly in return from the recipients of those benefits.

For the purpose of GRAP 19, social benefits refers to goods, services and other benefits provided in the pursuit of the social policy objective of a government. This Standard includes guidance on the accounting of these social benefits.

Outflow of resources embodying service potential also needs to be considered in when assessing if a present obligation that arises from past events exists or not.

The Standard includes accounting for obligations to make additional contributions to a fund. This is similar to the requirements of IFRIC5 (AC438).

It further includes the accounting for the changes in existing decommissioning, restoration and similar liabilities. This is similar to the requirements of IFRIC1 (AC434).

GRAP 19 give specific guidance regarding restructuring by way of transfers that will take place under a government directive and will not involve binding agreements. An obligation exists only when there is a binding transfer agreement.

Additional disclosure for each class of provision regarding reductions in the carrying amounts of provisions that result from payments or other outflows of economic benefits or service potential made during the reporting period and reductions in the carrying amounts of provisions resulting from remeasurement of the estimated future outflow of economic benefits or service potential, or from settlement of the provisions without cost to the entity.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

If an external valuation is used to measure a provision the information relating to the valuation can usefully be disclosed.

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. However, where items have not been recognised as a result of transitional provisions under the Standard on Property, Plant and Equipment, the recognition requirements of the Standard on Provisions, Contingent Liabilities and Contingent Assets would not apply to such items until the transitional provisions in that Standard expire.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The municipality has accounted for the retirement obligation in the current year and no retrospective changes were necessary.

GRAP 100: Non-current Assets Held for Sale and Discontinued Operations

GRAP 100 includes in its scope the reference to non-cash generating assets. It further includes definitions relevant to the understanding of the Standard e.g. "Non-cash-generating assets" are assets other than cash-generating assets and "value in use of a non-cash-generating asset" is the present value of the asset's remaining service potential.

GRAP 100 excludes from the description of a discontinued operation reference to a subsidiary acquired exclusively with a view to resale.

Directive 3 - Transitional provisions for high capacity municipalities requires prospective application of the Standard. However, the Standard would not apply to those items that have not been recognised as a result of the transitional provisions under the Standard of Property, Plant and Equipment until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is not material.

GRAP 102: Intangible Assets

GRAP 102 excludes guidance on accounting for intangible assets acquired as part of an entity combination and in-process research and development costs acquired in an entity combination.

Recognition requirement includes the concept of the probable flow of service potential.

GRAP 102 distinguishes between impairment loss of cash generating and non-cash-generating assets.

Intangible assets acquired at no or for a nominal cost shall be measured on acquisition date at its fair value.

In GRAP 102 the identifiability criterion in the definition of an intangible asset has been expanded to include contractual rights arising from binding arrangements, and to exclude rights granted by statute.

Additional guidance included in GRAP 102 to explain that distinction should be made between assets associated with the item of property, plant and equipment and the intangible asset.

Guidance on web site costs has been included in GRAP 102 from SIC Interpretation 32 Intangible Assets – Web Site Costs.

Guidance on intangible assets that may be acquired in exchange for non-monetary assets, where the exchange transaction lacks commercial substance has not been included in GRAP 102 as guidance to be included in GRAP 23.

GRAP 102 does not state "gains shall not be classified as revenue" as GRAP term "income" has a broader meaning than the term "revenue".

Directive 3 - Transitional provisions for high capacity municipalities requires retrospective application of the Standard. Where entities have, on initial adoption of the Standard, accumulated and retained sufficient information about costs and the future economic benefits or service potential related to intangible assets that may have been expensed previously,

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

those intangible assets should be recognised in accordance with the Standard.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

Intangible assets carrying value are material, but this amount relates to intangible assets transferred from Other Assets during the year.

Due to financial system restraints it is not feasible to restate this balance retrospectively and no change in accounting policy is required.

IPSAS 21: Impairment of Non Cash-Generating Assets

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

This Standard does not include a decrease in market value significantly greater than would be expected as a result of the passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is not material.

IPSAS 20: Related Party Disclosure

IPSAS 20 specifically excludes any consideration provided to key management personnel solely as a reimbursement for expenditure incurred by those individuals for the benefit of the reporting entity.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The impact of the standard is not material.

3.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

3.3 Standards and interpretations not yet effective

The municipality has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2009 or later periods:

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total interest income' was removed as a component of finance costs from paragraph IG13. This was to remove inconsistency with the requirement of IAS 1 (AC 101) Presentation of Financial Statements which precludes the offsetting of income and expenses.

The effective date of the amendment is for years beginning on or after 01 January 2009.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 19 (AC 116) Employee Benefits

With regards to curtailments and negative past service costs clarification has been made that:

- When a plan amendment reduces benefits, the effect of the reduction for future service is a curtailment and the effect of any reduction for past service is a negative past service cost;
- Negative past service cost arises when a change in the benefits attributable to past service results in a reduction in the present value of the defined benefit obligation; and
- A curtailment may arise from a reduction in the extent to which future salary increases are linked to the benefits payable for past service.

The definition of 'return on plan assets' has also been amended to require the deduction of plan administration costs only to the extent that such costs have not been reflected in the actuarial assumptions used to measure the defined benefit obligation.

The term "fall due" in the definition of "short term employee benefits" has been replaced with "due to be settled"

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 (AC 144) Financial Instruments: Disclosures; IAS 32 (AC 125) Financial Instruments: Presentation; IAS 28 (AC 110) Investments in Associates and IAS 31 (AC 119) Interests in Joint Ventures

The amendment adjusted the disclosure requirements of investments in associates and interests in joint ventures which have been designated as at fair value through profit or loss or are classified as held for trading. The amendment provides that only certain specific disclosure requirements of IAS 28 (AC 110) Investments in Associates and IAS 31 (AC 119) Interests in Joint Ventures are required together with the disclosures of IFRS 7 (AC 144) Financial Instruments: Disclosures; IAS 32 (AC 125) Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 (AC 128) Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

- The period over which management has projected cash flows;
- The growth rate used to extrapolate cash flow projections; and
- The discount rate(s) applied to the cash flow projections.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 39 (AC 133) Financial Instruments: Recognition and Measurement

IAS 39 (AC 133) prohibits the classification of financial instruments into or out of the fair value through profit or loss

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

category after initial recognition. The amendments set out a number of changes in circumstances that are not considered to be reclassifications for this purpose.

The amendments have also removed references to the designation of hedging instruments at the segment level.

The amendments further clarify that the revised effective interest rate calculated when fair value hedge accounting ceases, in accordance with paragraph 92 IAS 39 (AC 133) should be used for the remeasurement of the hedged item when paragraph AG8 of IAS 39 (AC 133) is applicable.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The municipality expects to adopt the amendment for the first time in the 2010 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

IFRS 3 (AC 140) (Revised) Business Combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009.

The municipality expects to adopt the standard for the first time in the 2009 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IAS 12 (AC 102) Income Taxes – consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidate and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The municipality expects to adopt the amendment for the first time in the 2009 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 5 (AC 142) Non-current Assets Held for Sale and Discontinued Operations

The amendment clarifies that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 July 2009.

The municipality expects to adopt the amendment for the first time in the 2009 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

IAS 39 (AC 133) Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items

The amendment provides clarification on two hedge accounting issues:

- Inflation in a financial hedged item and
- A one sided risk in a hedged item.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The municipality expects to adopt the amendment for the first time in the 2009 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

Amendment to IAS 39 (AC 133) and IFRS 7 (AC 144): Reclassification of Financial Assets

The amendment permits an entity to reclassify certain financial assets out of the fair value through profit or loss category if certain stringent conditions are met. It also permits an entity to transfer from the available for sale category to loans and receivables under certain circumstances. Additional disclosures are required in the event of any of these reclassifications.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The municipality expects to adopt the amendment for the first time in the 2009 annual financial statements.

It is unlikely that the amendment will have a material impact on the municipality's annual financial statements.

GRAP 18: Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

Directive 3 - Transitional provisions for high capacity municipalities states that no comparative segment information need to be presented on initial adoption of the Standard. Where items have not been recognised as a result of transitional provisions under the Standard of GRAP on Property, Plant and Equipment, recognition requirements of this Standard would not apply to such items until the transitional provision in that Standard expires.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2012 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2010.

The municipality expects to adopt the standard for the first time in the 2011 annual financial statements.

It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

IGRAP 1: Interpretation of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue

An entity assesses the probability of each transaction on an individual basis when it occurs. Entities shall not assess the probability on an overall level based on the payment history of recipients of the service in general when the probability of revenue is assessed at initial recognition.

The full amount of revenue will be recognised at initial recognition. Assessing impairment is an event that takes place subsequently to initial recognition. Such impairment is an expense. Revenue is not reduced by this expense.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

3. New standards and interpretations (continued)

The effective date of the interpretation is for years beginning on or after 01 April 2010.

The municipality expects to adopt the interpretation for the first time in the 2011 annual financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's annual financial statements.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|-----------------------------|------------------|------------------|
| 4. Inventories | | |
| Consumable stores - at cost | 5 222 169 | 2 719 258 |
| Water - at cost | 56 775 | 62 696 |
| | 5 278 944 | 2 781 954 |

Carrying value of inventories carried at lower of cost and net realisable value 5 278 944 2 781 954

During the year an amount of R45 560 (2008 - R227 538) were written off to the Statement of Financial Performance.

5. Other financial assets

Loans and receivables

| | | |
|------------------------------|------------------|------------------|
| Other | - | 45 123 |
| Sale of Land | 484 | 106 810 |
| Vehicle Loans | - | 107 750 |
| Housing Selling Scheme Loans | 2 028 233 | 2 140 114 |
| | 2 028 717 | 2 399 797 |

Non-current assets

| | | |
|-----------------------|-----------|-----------|
| Loans and receivables | 1 924 067 | 2 204 270 |
|-----------------------|-----------|-----------|

Current assets

| | | |
|-----------------------|------------------|------------------|
| Loans and receivables | 104 650 | 195 527 |
| | 2 028 717 | 2 399 797 |

Fair values of loans and receivables

| | | |
|------------------------|-----------|-----------|
| Other financial assets | 2 042 318 | 2 413 398 |
|------------------------|-----------|-----------|

The fair value has been determined by using the face value of the outstanding capital.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

6. Other receivables from non-exchange transactions

| | | |
|---|-------------------|-------------------|
| Unpaid Conditional Grants and Subsidies | 20 484 411 | 18 686 846 |
| Sundry Debtors | 19 891 090 | 19 049 161 |
| | 40 375 501 | 37 736 007 |

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Fair value of trade and other receivables

| | | |
|-----------------------------|------------|------------|
| Trade and other receivables | 40 375 501 | 37 736 007 |
|-----------------------------|------------|------------|

The fair value has been determined by using the face value of the outstanding capital.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|--|---------------------|---------------------|
| 7. Trade and other receivables from exchange transactions | | |
| Gross balances | | |
| Rates | 15 922 002 | 16 473 955 |
| Electricity | 5 954 618 | 5 783 175 |
| Water | 14 385 901 | 25 017 182 |
| Sewerage | 8 311 322 | 13 078 612 |
| Refuse | 6 736 837 | 12 901 958 |
| Sundry Debtors | 1 167 598 | 8 828 982 |
| Housing rental | 9 895 439 | 9 570 675 |
| | 62 373 717 | 91 654 539 |
| Less: Provision for bad debts | | |
| Rates | (9 500 016) | (12 415 932) |
| Electricity | (532 332) | (1 239 257) |
| Water | (8 399 796) | (18 816 349) |
| Sewerage | (5 857 750) | (11 208 338) |
| Refuse | (4 432 508) | (10 675 269) |
| Sundry Debtors | (549 258) | (6 358 493) |
| Housing rental | (9 813 806) | (9 188 756) |
| | (39 085 466) | (69 902 394) |
| Net balance | | |
| Rates | 6 421 986 | 4 058 023 |
| Electricity | 5 422 286 | 4 543 918 |
| Water | 5 986 105 | 6 200 833 |
| Sewerage | 2 453 572 | 1 870 274 |
| Refuse | 2 304 329 | 2 226 689 |
| Sundry Debtors | 618 340 | 2 470 489 |
| Housing rental | 81 633 | 381 919 |
| | 23 288 251 | 21 752 145 |
| Rates | | |
| Current (0 -30 days) | 5 210 875 | 3 119 268 |
| 31 - 60 days | 691 508 | 510 376 |
| 61 - 90 days | 519 603 | 428 379 |
| 91 - 120 days | - | - |
| 121 - 365 days | - | - |
| > 365 days | - | - |
| | 6 421 986 | 4 058 023 |
| Electricity | | |
| Current (0 -30 days) | 5 308 661 | 4 358 243 |
| 31 - 60 days | 64 551 | 97 018 |
| 61 - 90 days | 49 074 | 88 657 |
| 91 - 120 days | - | - |
| 121 - 365 days | - | - |
| > 365 days | - | - |
| | 5 422 286 | 4 543 918 |
| Water | | |
| Current (0 -30 days) | 4 980 463 | 4 846 969 |
| 31 - 60 days | 515 338 | 678 714 |
| 61 - 90 days | 490 304 | 675 150 |
| 91 - 120 days | - | - |
| 121 - 365 days | - | - |

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|--|---------------------|---------------------|
| 7. Trade and other receivables from exchange transactions (continued) | | |
| > 365 days | - | - |
| | 5 986 105 | 6 200 833 |
| Sewerage | | |
| Current (0 -30 days) | 1 827 775 | 1 321 388 |
| 31 - 60 days | 330 494 | 286 238 |
| 61 - 90 days | 295 303 | 262 648 |
| 91 - 120 days | - | - |
| 121 - 365 days | - | - |
| > 365 days | - | - |
| | 2 453 572 | 1 870 274 |
| Refuse | | |
| Current (0 -30 days) | 1 790 237 | 1 618 048 |
| 31 - 60 days | 265 667 | 310 582 |
| 61 - 90 days | 248 425 | 298 059 |
| 91 - 120 days | - | - |
| 121 - 365 days | - | - |
| > 365 days | - | - |
| | 2 304 329 | 2 226 689 |
| Sundry Debtors - Billing | | |
| Current (0 -30 days) | 448 524 | 1 067 116 |
| 31 - 60 days | 129 427 | 149 879 |
| 61 - 90 days | 40 389 | 1 253 494 |
| 91 - 120 days | - | - |
| 121 - 365 days | - | - |
| > 365 days | - | - |
| | 618 340 | 2 470 489 |
| Housing rental | | |
| Current (0 -30 days) | 44 695 | 336 044 |
| 31 - 60 days | 17 387 | 18 691 |
| 61 - 90 days | 19 551 | 27 184 |
| 91 - 120 days | - | - |
| 121 - 365 days | - | - |
| > 365 days | - | - |
| | 81 633 | 381 919 |
| Summary of debtors by customer classification | | |
| Consumers | | |
| Current (0 -30 days) | 12 630 178 | 10 949 535 |
| 31 - 60 days | 1 684 237 | 1 702 391 |
| 61 - 90 days | 1 421 586 | 2 353 392 |
| 91 - 120 days | 1 239 929 | 1 351 122 |
| 121 - 365 days | 9 385 519 | 11 049 351 |
| > 365 days | 23 407 543 | 48 828 307 |
| | 49 768 992 | 76 234 098 |
| Less: Provision for bad debts | (34 032 991) | (61 228 780) |
| | 15 736 001 | 15 005 318 |
| Industrial/ commercial | | |
| Current (0 -30 days) | 6 345 196 | 5 437 803 |

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|--|---------------------|---------------------|
| 7. Trade and other receivables from exchange transactions (continued) | | |
| 31 - 60 days | 296 174 | 318 081 |
| 61 - 90 days | 220 041 | 329 035 |
| 91 - 120 days | 183 801 | 286 154 |
| 121 - 365 days | 1 397 332 | 2 608 711 |
| > 365 days | 1 985 727 | 4 057 223 |
| | <u>10 428 271</u> | <u>13 037 007</u> |
| Less: Provision for bad debts | <u>(3 566 859)</u> | <u>(6 952 088)</u> |
| | <u>6 861 412</u> | <u>6 084 919</u> |
| National and provincial government | | |
| Current (0 -30 days) | 635 855 | 582 730 |
| 31 - 60 days | 33 961 | 31 027 |
| 61 - 90 days | 21 021 | 48 153 |
| 91 - 120 days | 20 044 | 104 600 |
| 121 - 365 days | 677 029 | 899 043 |
| > 365 days | 788 545 | 717 881 |
| | <u>2 176 455</u> | <u>2 383 434</u> |
| Less: Provision for bad debts | <u>(1 485 617)</u> | <u>(1 721 524)</u> |
| | <u>690 838</u> | <u>661 910</u> |
| Total | | |
| Current (0 -30 days) | 19 611 230 | 16 970 068 |
| 31 - 60 days | 2 014 372 | 2 051 499 |
| 61 - 90 days | 1 662 648 | 2 730 580 |
| 91 - 120 days | 1 443 773 | 1 741 876 |
| 121 - 365 days | 11 459 880 | 14 557 105 |
| > 365 days | 26 181 814 | 53 603 411 |
| | <u>62 373 717</u> | <u>91 654 539</u> |
| Less: Provision for bad debts | <u>(39 085 466)</u> | <u>(69 902 394)</u> |
| | <u>23 288 251</u> | <u>21 752 145</u> |
| Less: Provision for debt impairment | | |
| Current (0 -30 days) | - | - |
| 31 - 60 days | - | - |
| 61 - 90 days | - | - |
| 91 - 120 days | (1 443 772) | (1 471 876) |
| 121 - 365 days | (11 459 880) | (14 557 105) |
| > 365 days | (26 181 814) | (53 873 413) |
| | <u>(39 085 466)</u> | <u>(69 902 394)</u> |

Credit quality of trade and other receivables

The credit quality of consumer debtors that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Fair value of trade and other receivables

| | | |
|---|------------|------------|
| Trade and other receivable from exchange transactions | 23 288 251 | 21 752 145 |
|---|------------|------------|

The fair value has been determined by using the face value of the outstanding capital.

Trade and other receivable from exchange transactions impaired

As of 30 June 2009, trade and other receivables from exchange transactions of R39 085 466 (Excluding VAT) - (2008: R69 902 394) were impaired and provided for.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|---------------------------------------|--------------------|--------------------|
| 8. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 13 074 | 13 074 |
| Bank balances | 48 677 653 | 30 737 481 |
| Short-term deposits | 295 000 000 | 265 000 000 |
| | 343 690 727 | 295 750 555 |

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

The municipality had the following bank accounts

| Account number / description | Bank statement balances | | | Cash book balances | | |
|--|-------------------------|--------------|--------------|--------------------|--------------|--------------|
| | 30 June 2009 | 30 June 2008 | 30 June 2007 | 30 June 2009 | 30 June 2008 | 30 June 2007 |
| Standard Bank - Cheque Account - 08 243 7238 | 50 146 498 | 34 907 048 | 24 882 057 | 48 677 652 | 30 737 481 | 22 196 477 |

The fair value has been determined by using the face value of the outstanding capital.

Refer to Appendix I for a detailed breakdown of the short term call deposits.

The different institutions have external credit ratings.

9. Investment property

| | 2009 | | | 2008 | | |
|---------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Investment property | 1 124 075 | - | 1 124 075 | - | - | - |

Reconciliation of investment property - 2009

| | Opening Balance | Other changes, movements | Total |
|-------------------------------------|-----------------|--------------------------|-----------|
| Investment property | - | 1 124 075 | 1 124 075 |
| Fair value of investment properties | | 1 124 075 | - |

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was 01 July 2007. Revaluations were performed by an independent valuer, Mr J Bosman, of JBV Valuers and Appraisers. JBV Valuers and Appraisers are not connected to the municipality and have recent experience in location and category of the investment property being valued.

The municipality decided to transfer Investment Property from Property, Plant and Equipment at year end.

The valuation was based on open market value for existing use.

These assumptions are based on current market conditions.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|-----------------|------|------|
|-----------------|------|------|

9. Investment property (continued)

No amounts recognised in surplus and deficit for the year.

10. Property, plant and equipment

| | 2009 | | | 2008 | | |
|--|---------------------|-----------------------------|--------------------|---------------------|-----------------------------|--------------------|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Land and Buildings | 340 369 849 | (11 975 993) | 328 393 856 | - | - | - |
| Infrastructure | 421 015 216 | (250 714 993) | 170 300 223 | 370 836 973 | (236 325 985) | 134 510 988 |
| Community | 76 935 009 | (22 542 012) | 54 392 997 | 123 940 533 | (36 664 315) | 87 276 218 |
| Other property, plant and equipment | 135 545 978 | (81 042 021) | 54 503 957 | 430 821 568 | (101 790 732) | 329 030 836 |
| Leased Assets | 548 072 | - | 548 072 | - | - | - |
| Total | 974 414 124 | (366 275 019) | 608 139 105 | 925 599 074 | (374 781 032) | 550 818 042 |

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2009

| | Opening Balance | Additions | Disposals | Transfers | Other Transfers | Depreciation | Total |
|-------------------------------------|--------------------|------------|--------------|---------------|--------------------|--------------|-------------|
| Buildings | - | - | (1 724 245) | 299 622 098 | 34 330 888 | (3 834 885) | 328 393 856 |
| Infrastructure | 134 510 988 | 42 949 168 | (925 513) | 4 303 403 | 1 461 959 | (11 999 782) | 170 300 223 |
| Community | 87 276 218 | 5 440 379 | (10 056 252) | (29 242 026) | 1 833 686 | (859 008) | 54 392 997 |
| Other property, plant and equipment | 329 030 836 | 34 118 714 | (27 851 607) | (278 445 304) | 7 755 122 | (10 103 804) | 54 503 957 |
| Leased Assets | - | - | - | 2 795 350 | - | (2 247 278) | 548 072 |
| | 550 818 042 | 82 508 261 | (40 557 617) | (966 479) | 45 381 655 | (29 044 757) | 608 139 105 |

Reconciliation of property, plant and equipment - 2008

| | Opening Balance | Additions | Disposals | Transfers | Revaluations | Prior Year Errors | Depreciation | Total |
|-------------------------------------|--------------------|------------|-------------|--------------|--------------|----------------------|--------------|-------------|
| Infrastructure | 104 341 221 | 24 220 317 | - | 8 668 826 | 6 100 937 | (22 761) | (8 797 552) | 134 510 988 |
| Community | 28 835 820 | 1 395 716 | (237 715) | 25 488 493 | 36 783 990 | (14 233) | (4 975 853) | 87 276 218 |
| Other property, plant and equipment | 74 825 736 | 17 124 330 | (6 996 424) | 1 575 283 | 259 985 344 | 2 408 458 | (19 891 891) | 329 030 836 |
| Capital work in progress | 24 324 089 | 11 408 513 | - | (35 732 602) | - | - | - | - |
| | 232 326 866 | 54 148 876 | (7 234 139) | - | 302 870 271 | 2 371 464 | (33 665 296) | 550 818 042 |

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|-----------------|------|------|
|-----------------|------|------|

10. Property, plant and equipment (continued)

Other Information

During the year the following main transactions/events occurred on the asset register:

1. Work in progress have been transferred and split up between Infrastructure, Community and Other assets.
2. Leased Assets was added as a class of assets on its own and transferred from Other assets.
3. Land and Buildings with a carrying value of R1 124 075 were transferred to Investment Property.
4. Computer Software with a carrying value of R2 123 814 were transferred to Intangible Assets.
5. The residual values of all moveable assets with a zero value on the fixed asset register were reviewed and subsequently led to the reversal of depreciation in the current year to the value of R4 303 688 which are included in Accumulated Surplus under the current year.
6. The remaining useful life of Leased Assets, Other Assets and Land and Buildings were reviewed and subsequently led to the reversal of depreciation to the value of R2 342 014 which are included in Accumulated Surplus under the current year.
7. The Inventory Items with a value of R5 970 173, which led to a qualification in the prior year, were individually reviewed, condition assessments were performed, remaining useful life's were reviewed and current relevant market values were determined. The process described led to the increase in Other Assets with a carrying value of R3 732 492, as disclosed in the 2008 reconciliation of the Property, Plant and Equipment. This same amount were also disclosed in the Prior Period Error note.
8. An Other Asset to the value of R1 323 780 were incorrectly added to the fixed asset register in the prior year and corrected retrospectively. The transaction led to the decrease in Other Assets with a carrying value of R1 323 780, as disclosed in the 2008 reconciliation of Property, Plant and Equipment. This same amount were also disclosed in the Prior Period Error note.
9. VAT to the value of R37 230, were incorrectly included in the carrying values of Infrastructure (R22 761), Community (R14 233) and Other (R236). This transaction led to the decrease in the same classes of asset in the prior year, as disclosed in the 2008 reconciliation of Property, Plant and Equipment. This same amount were also disclosed in the Prior Period Error note.

Borrowing costs capitalised

| | | |
|----------------|--------|---|
| Infrastructure | 47 598 | - |
|----------------|--------|---|

Capitalisation rates used during the year were the prime lending rate as determined by the Reserve Bank.

Assets subject to finance lease (Net carrying amount)

| | | |
|---------------|---------|---|
| Leased Assets | 548 072 | - |
|---------------|---------|---|

Revaluations

The effective date of the revaluations was 01 July 2007. Revaluations were performed by independent valuer, Mr J Bosman, of JBV Valuers and Appraisers. JBV Valuers and Appraisers are not connected to the municipality.

Land and buildings are re-valued independently every 4 years.

These assumptions were based on current market conditions

Other information

| | | |
|---|-------------|-------------|
| Fair value of property, plant and equipment carried at cost | 608 139 105 | 550 818 042 |
|---|-------------|-------------|

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

Figures in Rand 2009 2008

11. Intangible assets

| | 2009 | | | 2008 | | |
|--|---------------------|-----------------------------|----------------|---------------------|-----------------------------|----------------|
| | Cost / Valuation | Accumulated amortisation | Carrying value | Cost / Valuation | Accumulated amortisation | Carrying value |
| Computer software, Externally Generated | 4 163 132 | (2 039 318) | 2 123 814 | - | - | - |

Reconciliation of intangible assets - 2009

| | Opening Balance | Additions | Transfers | Other changes, movements | Amortisation | Total |
|--------------------------|--------------------|-----------|-----------|--------------------------------|--------------|-----------|
| Computer software, other | - | 1 155 714 | 966 478 | 253 055 | (251 433) | 2 123 814 |

Other information

Computer Software with a carrying value of R2 123 814 were transferred from Other Assets to Intangible Assets.

Intangible assets have finite lives. The estimated remaining useful life is reviewed at each reporting period.

12. Other financial liabilities

Held at amortised cost

| | | |
|---|-------------------|-------------------|
| Other Financial Liabilities | 53 722 350 | 63 478 463 |
| Terms and conditions | | |
| Other financial liabilities - Current Portion | 9 487 564 | 8 788 397 |
| Terms and conditions | | |
| | 63 209 914 | 72 266 860 |

Refer to Appendix A for a detailed breakdown of the External Loans.

Total Other Financial Liabilities of R63 209 914 are cash backed.

Non-current liabilities

| | | |
|-------------------|------------|------------|
| At amortised cost | 53 722 350 | 63 478 463 |
|-------------------|------------|------------|

Current liabilities

| | | |
|-------------------|-------------------|-------------------|
| At amortised cost | 9 487 564 | 8 788 397 |
| | 63 209 914 | 72 266 860 |

Fair value of the financial liabilities carried at amortised cost

| | | |
|-----------------------|------------|------------|
| Loans and Receivables | 63 209 914 | 72 266 860 |
|-----------------------|------------|------------|

The fair values of the financial liabilities has been determined by using the face values as determined by the different institutions and the balance shown is the face value of the outstanding capital.

The institutions have external credit ratings.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|---|---------------|---------------|
| 13. Finance lease obligation | | |
| Minimum lease payments due | | |
| - within one year | 18 872 | 108 227 |
| - in second to fifth year inclusive | - | 18 872 |
| | 18 872 | 127 099 |
| less: future finance charges | (5 545) | (28 338) |
| Present value of minimum lease payments | 13 327 | 98 761 |
| Present value of minimum lease payments due | | |
| - within one year | 13 327 | 85 434 |
| - in second to fifth year inclusive | - | 13 327 |
| | 13 327 | 98 761 |
| Non-current liabilities | 3 237 | 12 385 |
| Current liabilities | 10 090 | 86 376 |
| | 13 327 | 98 761 |

The average lease term was 5 - 6 years.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 10.

14. Trade and other payables from exchange transactions

| | | |
|-----------------------------|------------|------------|
| Trade payables | 37 211 628 | 28 824 688 |
| Debtors received in advance | 2 649 198 | 2 958 167 |
| Other payables | 1 207 493 | 1 214 751 |
| Accrued leave pay | 6 079 207 | 4 826 784 |
| Deposits received | 208 858 | 181 737 |
| Other Creditors #3 | (1) | - |
| | 47 356 383 | 38 006 127 |

Fair value of trade and other payables

| | | |
|----------------|------------|------------|
| Trade payables | 37 211 628 | 28 824 687 |
| Other Payables | 10 144 755 | 9 181 439 |
| | 47 356 383 | 38 006 126 |

The fair values of the financial liability was determined by accepting the face values of outstanding capital.

15. Consumer deposits

| | | |
|-------------|-----------|-----------|
| Electricity | 5 657 350 | 5 069 896 |
| Water | 3 927 323 | 3 589 911 |
| | 9 584 673 | 8 659 807 |

16. Unspent conditional grants and receipts

Deferred income comprises:

Conditional grants and receipts

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| 16. Unspent conditional grants and receipts (continued) | | |
| Various unspent conditional grants | 29 050 219 | 22 857 065 |

All unspent conditional grants are ring fenced in short-term call deposits until utilised.

Refer to Appendix J for a detailed breakdown of all unspent conditional grants.

17. Retirement benefits

Defined benefit plan

Post retirement medical aid plan

The valuation was performed by Poneso Actuarial Consultants (License No: 18280). Poneso Actuarial Consultants are not connected to the municipality. The full actuarial valuation report are available on request.

The Post retirement medical aid plan consists of the Bonitas, Hosmed, LA Health, Key Health, Samwumed and Prosana medical aid funds.

The total in-service employees belonging to Medical Scheme as at 30 June 2009 were 276 and the total continuation employees receiving the medical aid benefit as at 30 June 2009 were 72.

The method of funding prescribed by IAS 19 is called the "Projected Unit Method". Under this method the accrued service liabilities are determined by projecting all future payments which will be made by the employer in respect of benefits accrued up to the Valuation Date. Assumptions are made in respect of, inter-alia, medical scheme contribution increases, withdrawals, deaths and ill-health, early and normal retirements. These payments are discounted at the valuation rate of discount to determine the present value of the liabilities at the Valuation Date.

Saldanha Bay Municipality employees and their dependants are currently entitled to a subsidy of 70% the required medical scheme contributions after they retire or the employee dies. The cost of this subsidy is currently met from annual revenue earned by the municipality. No reserves have therefore been established in order to meet these costs.

Accounting standard IAS19 (AC116) states that all employment costs must be funded during a person's working lifetime. This not only ensures that the organization reflects the true cost of performing its tasks, but also provides employees with more security since funds are set aside to meet these costs.

The results presented in this report depend heavily on certain actuarial assumptions. The most important of these are the following:

Real rate of return

The differential between the assumed rate of discount and the escalation in future medical scheme contributions is the most important relationship. In calculating the liability we have assumed a differential of 1.5% (a discount rate of 8.4% and 6.8% for medical scheme contribution increases). A smaller differential would result in greater liabilities than those shown in this report and visa versa.

Maintenance of the current contribution tables and current cross-subsidisation inherent in these rates

The current Medical Scheme contribution tables can legally only differentiate contributions on the basis of income and number of dependants, though differences in age are the primary driver of medical scheme costs.

Any changes in the underlying structure of the membership of schemes, especially an increase in the age profile, could therefore have a marked impact on the contribution tables.

Carrying value

| | | |
|---|--------------|---|
| Present value of the defined benefit obligation | (43 364 000) | - |
|---|--------------|---|

Key assumptions used

Assumptions used on last valuation on 30 June 2009.

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| 17. Retirement benefits (continued) | | |
| Discount rates used | 8,40 % | - % |
| Long-term expected price inflation rate | 6,00 % | - % |
| Long-term expected salary inflation rate | 6,80 % | - % |
| Long-term expected medical inflation rate | 6,80 % | - % |
| Discount rate less inflation | 2,30 % | - % |
| Discount rate less salary inflation | 1,50 % | - % |
| Discount rate less medical inflation | 1,50 % | - % |

IAS 19 specifies that the assumptions made should represent the employer's prudent best estimates of the variables that will determine the ultimate cost of the benefit. The following assumptions are generally required:

- mortality during and after employment;
- rates of employee turnover, disability and early retirement;
- details of future dependents of members who are eligible for benefits;
- the discount rate;
- future salary, contribution and/or benefit levels;
- expected rate of return on separate assets.

In determining future benefit levels consideration must be given to whether only the expected future contribution levels, which may involve various cross-subsidies between various groups of members, should be projected, or whether the actual underlying claims of post retirement members should be considered. As per the previous valuation, no allowance has been made for the following:

- The actual cost of medical aid claim by employees and pensioners from medical aid;
- The effect of a material change in the average age of members of the medical aids; or
- The effect of any change by the medical aid members, due to their changing needs as they get older or for any other reason, from one medical aid option to another, or from one medical aid to another.

No allowance is made for any inherent cross-subsidies between in-service employees and pensioners in the actual cost of medical claims by each of these groups.

The various assumptions made are set out below:

Discount rate

The discount rate reflects the time value of money. The discount rate together with the assumed rate of medical scheme contribution inflation has the largest effect on the values of the benefit calculated. The relative level of these assumptions with regard to each other is therefore much more important than their absolute values.

The absolute levels are chosen with regard to the long-term nature of the liability and IAS 19 specifies that it must be derived from the market yields of government bonds with corresponding terms and currency as at the balance sheet date.

Market yields on government bonds as at 23 April 2009 for various terms to maturity were as follows:

| | | | | |
|---------------------------------------|-------|--------|--------|--------|
| Term | 5 yrs | 10 yrs | 15 yrs | 20 yrs |
| Yield | 6.43% | 7.94% | 8.43% | 8.06% |
| Source: Bond Exchange of South Africa | | | | |

We employed a discount rate of 8.4%.

Increases in medical scheme contributions

The assumption for increases in medical scheme contributions should be consistent with expected inflation and the discount rate. As mentioned above, it is this interrelationship that is crucial.

We have decided to assume that average future increases in medical scheme contribution will be 1.5% less than the discount rate i.e. 6.8% per annum. This is slightly higher than expected inflation of approximately 7% per annum.

Valuations of defined benefit pension funds are typically based on investment returns exceeding salary inflation by 2% to 3% per annum. The assumptions used are therefore consistent with medical scheme contributions stabilising at current levels as a percentage of payroll.

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17. Retirement benefits (continued)

Withdrawals

Allowance was made for the withdrawals of existing members. The withdrawal rates applicable to the Municipality Employee Pension Fund were used for this purpose. I am satisfied that these assumptions are reasonable since they reflect low turnover of staff. No benefit is paid on withdrawal and using withdrawal rates therefore results in a lower liability than would otherwise have been required.

The rates of withdrawal are shown in Table 1

New Entrants

No allowance was made for future new entrants.

Ill-health

We have assumed that members will retire at their retirement ages shown below (as per Table 1). Prior to those ages we have allowed for ill-health retirement at the rates assumed in the most recent Municipality Employee Pension Fund valuation.

Mortality

Before normal retirement

We have used the rates used in the 28 February 2005 valuation report of the Municipality Employee Pension Fund. The rates assumed are shown in Table 1 at the end of this Appendix.

After retirement

The PA (90) ultimate tables for males and females rated down by 2 years, as per the 28 February 2005 Municipality Employee Pension Fund valuation report, were used for mortality after early or normal retirement.

For ill-health retirement, mortality is loaded to allow for impaired mortality by assuming the member experiences mortality of someone 5 years older than his actual age, with a maximum assumed age of 65. For example, if a member retires on ill health at age 30, we have assumed he/she will experience mortality from then on of someone 5 years older than him/herself. If ill-health retirement takes place at age 63, we have assumed that he/she will experience mortality of someone 2 years older i.e. $65 - 63 = 2$.

Retirement age

A normal retirement age of 65 for both males and females was used. Active members who were above normal retirement age were assumed to retire immediately.

Dependants assumptions

Proportion married

We assumed that the proportion of employees married at each age would be as follows:

| Age | % married |
|-----|-----------|
| 20 | 10 |
| 25 | 50 |
| 30 | 75 |
| 35 | 85 |
| 40 | 90 |
| 45 | 93 |
| 50 | 95 |
| 55 | 95 |
| 60 | 95 |
| 65 | 95 |

Age of spouses

For married couples we have assumed that the males would be 4 years older than the females. These age differences are assumed to apply at all ages of the member.

Continuation membership

We assumed that 95% of employees will continue their medical scheme membership after retirement, and that 95% of spouses will continue after the death of a member in service or after retirement.

TABLE 1

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17. Retirement benefits (continued)

| Age | DEMOGRAPHIC ASSUMPTIONS | | | | | |
|-----|--------------------------------|---------|---------------------|---------|--|---------|
| | Pre-Retirement Mortality Rates | | Rates of Withdrawal | | Rates of Ill-health and Early retirement | |
| | Males | Females | Males | Females | Males | Females |
| 20 | 1.27% | 0.21% | 13.10% | 9.40% | 0.00% | 0.00% |
| 25 | 1.27% | 0.22% | 9.40% | 7.50% | 0.00% | 0.00% |
| 30 | 1.27% | 0.24% | 5.60% | 5.60% | 0.05% | 0.05% |
| 35 | 1.27% | 0.30% | 3.80% | 3.80% | 0.10% | 0.10% |
| 40 | 1.27% | 0.44% | 2.60% | 1.90% | 0.15% | 0.15% |
| 45 | 1.27% | 0.72% | 1.50% | 1.30% | 0.20% | 0.20% |
| 50 | 1.69% | 1.18% | 0.80% | 0.80% | 0.30% | 0.30% |
| 55 | 2.09% | 1.87% | 0.80% | 0.80% | 0.60% | 0.60% |
| 60 | 3.25% | 2.9% | 0.00% | 0.00% | 2.50% | 2.50% |
| 65 | 3.25% | 2.9% | 0.00% | 0.00% | 0.0% | 0.00% |

A further key assumption is that the current medical scheme contribution rates will not change fundamentally over time (i.e. that the only impact on contributions will really be medical inflation).

18. Provisions

Reconciliation of provisions - 2009

| | Opening Balance | Additions | Utilised during the year | Total |
|------------------------------|------------------|-------------------|--------------------------|-------------------|
| Environmental rehabilitation | 500 000 | 20 100 000 | - | 20 600 000 |
| Annual Bonus | 2 892 912 | 4 042 690 | (2 892 912) | 4 042 690 |
| Long Service Rewards | 354 228 | 581 172 | (354 228) | 581 172 |
| | 3 747 140 | 24 723 862 | (3 247 140) | 25 223 862 |

Reconciliation of provisions - 2008

| | Opening Balance | Additions | Utilised during the year | Prior Period Error | Total |
|------------------------------|------------------|------------------|--------------------------|--------------------|------------------|
| Environmental rehabilitation | 500 000 | - | - | - | 500 000 |
| Annual Bonus | 3 263 172 | 2 892 912 | (3 263 172) | - | 2 892 912 |
| Long Service Awards | 532 797 | 175 887 | (532 797) | 178 341 | 354 228 |
| Performance Bonus | 337 636 | 5 778 | (337 636) | (5 778) | - |
| | 4 633 605 | 3 074 577 | (4 133 605) | 172 563 | 3 747 140 |

The estimation of the current liability to rehabilitate the Landfill Site were performed by Jan Palm Consulting Engineering CC. Jan Palm Consulting Engineering CC are not connected to the municipality. The full report are available on request.

19. Revaluation reserve

| | | |
|---------------------------------|--------------------|--------------------|
| Opening balance | 295 949 079 | - |
| Transfer to Revaluation Reserve | 41 543 845 | 302 938 622 |
| Offsetting of Depreciation | (27 178 131) | (6 989 543) |
| | 310 314 793 | 295 949 079 |

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20. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2009

| | Capital replacement reserve | Capitalisation reserve | Government grant reserve | Donations and public contributions | Insurance reserve | Housing development fund | Total |
|---|-----------------------------------|---------------------------|-----------------------------|--|----------------------|--------------------------------|--------------|
| Opening balance | 137 288 351 | 14 943 387 | 70 366 859 | 1 545 554 | 2 203 053 | 35 451 936 | 261 799 140 |
| Offsetting of depreciation | - | 331 773 | (853 538) | - | - | - | (521 765) |
| Transfer to capital replacement reserve | 85 222 621 | - | - | - | - | - | 85 222 621 |
| Property, plant and equipment purchased | (54 044 446) | - | - | - | - | - | (54 044 446) |
| Contribution to insurance reserve | - | - | - | - | 43 214 | - | 43 214 |
| Capital grants used to purchase property, plant and equipment | - | - | 28 465 379 | - | - | - | 28 465 379 |
| Contribution to Bad Debt Reserve | - | - | - | - | - | (825 021) | (825 021) |
| Transfers to/(from) reserves | (106 545) | - | - | (1 545 554) | - | - | (1 652 099) |
| Transfers to/(from) Housing Development Fund | - | - | - | - | - | 2 903 998 | 2 903 998 |
| | 168 359 981 | 15 275 160 | 97 978 700 | - | 2 246 267 | 37 530 913 | 321 391 021 |

Ring-fenced internal funds and reserves within accumulated surplus - 2008

| | Capital replacement reserve | Capitalisation reserve | Government grant reserve | Donations and public contributions | Insurance reserve | Housing development fund | Total |
|---|-----------------------------------|---------------------------|-----------------------------|--|----------------------|--------------------------------|--------------|
| Opening balance | 99 321 665 | 25 907 538 | 48 893 338 | 1 545 554 | 2 127 760 | 34 259 196 | 212 055 051 |
| Offsetting of depreciation | - | (10 964 151) | - | - | - | - | (10 964 151) |
| Transfer to capital replacement reserve | 70 390 468 | - | - | - | - | - | 70 390 468 |
| Property, plant and equipment purchased | (32 423 782) | - | - | - | - | - | (32 423 782) |
| Capital grants used to purchase property, plant and equipment | - | - | 21 473 521 | - | - | - | 21 473 521 |
| Transfer to/from Housing Fund | - | - | - | - | - | 1 192 740 | 1 192 740 |
| Insurance Claims Processed | - | - | - | - | 75 293 | - | 75 293 |
| | 137 288 351 | 14 943 387 | 70 366 859 | 1 545 554 | 2 203 053 | 35 451 936 | 261 799 140 |

Internal reserves are ringfenced within accumulated surplus.

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|---|-------------------|-------------------|
| 21. Housing development fund | | |
| Unappropriate surplus | 37 530 913 | 35 451 937 |
| The housing development fund is represented by the following assets and liabilities | | |
| Bank and cash | 25 960 525 | 25 069 906 |
| Other Debtors | 11 718 637 | 10 539 475 |
| Assets | 37 679 162 | 35 609 381 |
| Trade and other payables | 148 249 | 157 444 |
| Total Housing Development Fund Assets and Liabilities | 37 530 913 | 35 451 937 |

The cash balance relating to the Housing Development Fund are not invested in a separate bank account. The cash balance of R25 960 525 is included in the Short Term Call Deposits, included under Cash and Cash Equivalents, with a balance of R295 000 000.

The Housing Development Fund are cash backed.

22. Property Rates

Rates received

| | | |
|-----------------------|-------------------|-------------------|
| Property Rates | 92 949 654 | 85 473 522 |
| Building Clauses Levy | 75 096 | 79 594 |
| Less: Income forgone | (10 071 402) | (8 752 945) |
| | 82 953 348 | 76 800 171 |

Valuations

| | | |
|--------------------------|-----------------------|-----------------------|
| Residential | 9 607 640 348 | 9 607 640 348 |
| Commercial | 1 715 060 242 | 1 715 060 242 |
| State | 725 112 900 | 725 112 900 |
| Municipal | 46 080 300 | 46 080 300 |
| Small holdings and farms | 694 664 500 | 694 664 500 |
| | 12 788 558 290 | 12 788 558 290 |

Valuations on land and buildings are normally performed every 4 years. The last general valuation came into effect on 1 July 2007. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

Rates are levied on an annual basis with the final date for payment being 30 September. Interest at prime plus 1% minus 2% per annum and a collection fee, is levied on rates outstanding after due date.

Rebates of 50% are granted to residential (and first R50 000 - 100%) and 20% to state property owners. Zoned for Farming - 95%, Nature Reserves - 75%, Pensioners Income < R20 880 - 40%, Income < R23 000 - 30%, Income < R25 300 - 20%.

The new general valuation will be implemented on 1 July 2009.

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| 23. Service charges | | |
| Sale of electricity | 61 142 195 | 47 075 032 |
| Sale of water | 54 493 808 | 52 539 477 |
| Sewerage and sanitation charges | 8 698 875 | 7 816 630 |
| Refuse removal | 22 906 598 | 20 707 546 |
| Other service charges | 69 663 307 | 56 488 574 |
| | 216 904 783 | 184 627 259 |
| 24. Rental of facilities and equipment | | |
| Premises | | |
| Premises | 7 863 105 | 8 473 542 |
| 25. Government grants and subsidies | | |
| Primary Health (PAWK) | - | 218 795 |
| Equitable Share | 20 053 346 | 14 512 987 |
| Subsidy: Housing Fund | - | 632 516 |
| Government Grant - Capital Contributions | 31 894 205 | 24 333 448 |
| Contribution: Western Cape Cleanup Operations | 7 187 | 13 823 |
| Cleanup of Stands | 69 417 | - |
| Skill Development Program SETA | 363 241 | 224 576 |
| Other Subsidies | 20 000 | - |
| Subsidies: Main Roads | 44 000 | 44 000 |
| Bursaries | 36 322 | - |
| TASK | - | 84 618 |
| | 52 487 718 | 40 064 763 |
| 26. Other income | | |
| Capital Contribution to CRR | - | 17 566 035 |
| Contribution to bad Debt Ex Housing Development Fund | 625 021 | 2 052 370 |
| Discount Received from Creditors | 870 673 | 452 439 |
| Building Plan Fees | 1 129 299 | 2 310 586 |
| Sundry Income | 3 066 176 | 4 143 915 |
| | 5 691 169 | 26 525 345 |
| 27. Interest earned - External Institutions | | |
| Interest revenue | | |
| Cash and Cash Equivalents | 37 630 308 | 28 364 968 |

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| 28. Employee related costs | | |
| Basic | 64 827 400 | 54 954 478 |
| Bonus | 6 484 175 | 4 430 984 |
| Medical aid - company contributions | 5 008 085 | 4 376 844 |
| UIF | 683 799 | 568 671 |
| WCA | 762 774 | 961 820 |
| Transport of Furniture | 23 504 | - |
| Increase in Liability for Leave | 1 865 768 | 559 417 |
| Leave Payments | - | 583 535 |
| Group Life - company contributions | 1 663 221 | 1 434 867 |
| Pension - company contributions | 10 432 600 | 8 913 119 |
| Cell Phone allowance | 10 200 | 2 550 |
| Uniforms/Protective clothing | 667 533 | 709 997 |
| Travel allowances | 2 047 732 | 1 214 911 |
| Overtime payments | 6 593 143 | 5 066 163 |
| Transport allowance (bus coupons) | 14 375 | - |
| Housing benefits and allowances | 740 847 | 769 691 |
| Employment costs | 104 472 | 202 282 |
| Standby allowances | 1 179 862 | 970 916 |
| Tool allowance | 720 | 720 |
| | 103 110 210 | 85 720 965 |
| Remuneration of municipal manager | | |
| Annual Remuneration | 684 723 | 425 301 |
| Car Allowance | 120 753 | 111 270 |
| Performance Bonuses | - | 17 743 |
| Contributions to UIF, Medical and Pension Funds | 123 364 | 74 212 |
| Housing Allowance | 46 519 | 19 500 |
| Package | 1 200 000 | - |
| | 2 175 359 | 648 026 |
| Remuneration of chief finance officer | | |
| Annual Remuneration | 268 932 | 248 316 |
| Car Allowance | 130 787 | 102 443 |
| Bonus and Long Service Bonus | 22 411 | 30 217 |
| Contributions to UIF, Medical and Pension Funds | 77 361 | 70 869 |
| Housing Allowance | 8 754 | 7 373 |
| Scarcity Allowance | 62 397 | - |
| | 570 642 | 459 218 |
| Director - Corporate Services | | |
| Annual Remuneration | 384 000 | 304 995 |
| Car Allowance | 96 000 | 76 449 |
| Performance Bonuses | - | 66 994 |
| Contributions to UIF, Medical and Pension Funds | 87 345 | 68 216 |
| Leave Payout | - | 38 137 |
| Housing Allowance | 9 959 | - |
| | 577 304 | 554 791 |
| Director - Technical Services | | |
| Annual Remuneration | 348 000 | 341 563 |
| Car Allowance | 87 000 | 136 875 |

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| 28. Employee related costs (continued) | | |
| Performance Bonuses | - | 63 875 |
| Contributions to UIF, Medical and Pension Funds | 33 596 | 66 373 |
| Acting Allowance | - | 9 379 |
| Leave Payout | - | 32 002 |
| Housing Allowance | 67 718 | - |
| | 536 314 | 650 067 |
| Director - Community Service | | |
| Annual Remuneration | 342 000 | 302 873 |
| Car Allowance | 84 700 | 129 755 |
| Performance Bonuses | - | 51 970 |
| Contributions to UIF, Medical and Pension Funds | 80 388 | 4 928 |
| Leave Payout | - | 18 709 |
| Housing Allowance | 8 597 | - |
| | 515 685 | 508 235 |
| Director - Planning and Strategic Services | | |
| Annual Remuneration | 32 598 | - |
| Car Allowance | 9 468 | - |
| Contributions to UIF, Medical and Pension Funds | 6 312 | - |
| Housing Allowance | 721 | - |
| | 49 099 | - |
| 29. Remuneration of councillors | | |
| Executive Major | 534 681 | 467 296 |
| Deputy Executive Mayor | 432 942 | 373 836 |
| Mayoral Committee Members | 1 209 964 | 1 051 416 |
| Speaker | 430 941 | 373 836 |
| Councillors | 2 802 418 | 2 390 455 |
| Cell Phone Allowance | - | 239 196 |
| | 5 410 946 | 4 896 035 |
| 30. Depreciation | | |
| Property, plant and equipment | 29 296 487 | 33 733 627 |
| 31. Finance costs | | |
| Non-current borrowings | 6 729 730 | 7 007 972 |
| Finance leases | 22 793 | - |
| Capitalised | (47 598) | - |
| | 6 704 925 | 7 007 972 |
| Capitalisation rates used during the period were the prime lending rate as determined by the Reserve Bank. | | |
| 32. Debt impairment | | |
| Contributions to bad-debt provision | 8 893 264 | 12 238 092 |
| During the year an amount of R43 719 110 (Excluding VAT) were written off. | | |
| 33. Bulk purchases | | |

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| 33. Bulk purchases (continued) | | |
| Electricity | 59 118 448 | 43 533 787 |
| Water | 32 108 679 | 30 499 228 |
| | 91 227 127 | 74 033 015 |
| 34. Grants and subsidies paid | | |
| Other subsidies | | |
| Pauper Burials | 11 603 | 10 085 |
| Bursaries | 239 081 | 189 240 |
| Western Cape Cleanup Operation | 999 975 | 695 811 |
| Youth Development | 104 655 | 150 000 |
| Masibambane Project | 355 341 | 215 976 |
| Levy: Skills Development | 747 906 | 728 146 |
| Boland Rugby Union | 94 388 | - |
| Task | 5 237 | 57 665 |
| Subsidy: Preferred Scheme Housing | 23 782 | 632 516 |
| Security: Laingville Housing Project | - | 59 182 |
| Equitable share | 11 239 651 | 6 829 278 |
| Management Support Programme | - | 50 160 |
| Contribution: Finance Management | 155 172 | 299 160 |
| CDW Programme (WCDM) | 22 884 | 29 039 |
| Consumer Education | 20 077 | 135 000 |
| Disaster | 590 960 | 680 802 |
| Library | 17 289 | - |
| | 14 628 001 | 10 762 060 |

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| 35. General expenses | | |
| Advertising | 555 808 | 381 480 |
| Assessment rates & municipal charges | 111 409 | 92 505 |
| Auditors remuneration | 1 824 905 | 1 206 707 |
| Bank charges | 977 713 | 744 616 |
| Cleaning | 1 501 691 | - |
| Commission paid | 428 512 | 347 479 |
| Consulting and professional fees | 800 067 | 623 459 |
| Delivery expenses | 642 | 2 141 |
| Entertainment | 276 577 | 230 374 |
| Animal Costs | 26 113 | 4 262 |
| Gifts | 13 576 | 9 450 |
| Insurance | 1 261 715 | 1 508 280 |
| Conferences and seminars | 142 536 | 114 070 |
| IT expenses | 5 778 | 7 293 |
| Lease rentals on operating lease | 1 897 618 | 1 944 285 |
| Fleet | 682 606 | 619 219 |
| Magazines, books and periodicals | 11 222 | 7 597 |
| Fuel and oil | 7 760 634 | 6 842 617 |
| Postage and courier | 647 037 | 777 073 |
| Printing and stationery | 1 151 078 | 1 014 482 |
| Security (Guarding of municipal property) | 2 973 953 | 2 318 398 |
| Subscriptions and membership fees | 341 973 | 344 454 |
| Telephone and fax | 5 133 439 | 4 104 418 |
| Transport and freight | 721 | 455 |
| Training | 508 851 | 463 666 |
| Travel - local | 467 641 | 399 071 |
| Refuse | 304 701 | 299 072 |
| Title deed search fees | 20 470 | 26 906 |
| Electricity | 5 283 531 | 3 355 406 |
| Sewerage and waste disposal | 272 984 | 248 271 |
| Water | 1 288 014 | 1 175 216 |
| Operating of landfill site | 1 586 822 | 467 461 |
| Other expenses | 1 985 614 | 1 539 048 |
| Other written off | - | 1 961 871 |
| Valuation cost | 4 530 | 1 294 571 |
| Capital Contributions to CRR | - | 17 566 035 |
| Other material | 1 200 855 | 982 484 |
| Chemicals | 39 687 | 26 345 |
| Top Structures Written Out | 21 007 048 | 5 078 108 |
| | 62 498 071 | 58 128 645 |

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|--|-------------------|--------------------|
| 36. Cash generated from operations | | |
| Surplus before taxation | 70 895 939 | 74 984 730 |
| Adjustments for: | | |
| Depreciation and amortisation | 29 296 487 | 33 733 627 |
| Surplus on sale of assets | (1 105 597) | (2 844 775) |
| Interest received | (37 630 308) | (28 364 968) |
| Finance costs | 6 704 925 | 7 007 972 |
| Movements in provisions | 1 376 722 | (886 465) |
| Contribution to CRR from operations | 10 833 225 | 19 566 035 |
| PPE other adjustments and additions | (5 215 235) | - |
| Other transfers to internal reserves | (1 652 099) | - |
| Offsetting of depreciation (below the line) | (13 789 783) | - |
| Transfers to/(from) housing development fund | (627 190) | (1 586 591) |
| Changes in working capital: | | |
| Inventories | (2 496 990) | 436 012 |
| Other receivables from non-exchange transactions | (2 639 494) | 1 216 475 |
| Trade and other receivables from exchange transactions | (1 536 106) | (9 827 045) |
| Operating asset | (26 180) | (173 548) |
| Trade and other payables from exchange transactions | 9 350 255 | 5 646 715 |
| VAT | (1 069 741) | 3 509 419 |
| Unspent conditional grants and receipts | 6 193 154 | 104 690 |
| | 66 861 984 | 102 522 283 |

37. Commitments

Authorised capital expenditure

Already contracted for but not provided for

| | | |
|----------------------------|------------|------------|
| • Infrastructure Assets | 27 833 196 | 19 438 630 |
| • Other Assets | 879 304 | 3 030 465 |
| • Housing Development Fund | 76 195 | 12 068 010 |

| | | |
|---|-------------|------------|
| Not yet contracted for and authorised by accounting officer | 113 860 203 | 69 180 404 |
|---|-------------|------------|

This committed expenditure relates to property, plant and equipment, other and housing development and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases – as lessee (expense)

Minimum lease payments due

| | | |
|-------------------------------------|---------------|----------------|
| - within one year | 18 872 | 108 227 |
| - in second to fifth year inclusive | - | 18 872 |
| | 18 872 | 127 099 |

Operating lease payments represent rentals payable by the municipality for certain of its office properties. No contingent rent is payable.

Operating leases – as lessor (income)

Minimum lease payments due

| | | |
|-------------------------------------|--------------------|--------------------|
| - within one year | (666 161) | (357 524) |
| - in second to fifth year inclusive | (1 141 501) | (877 732) |
| - later than five years | (157 277) | (256 658) |
| | (1 964 939) | (1 491 914) |

Certain of the municipality's premises are rented out. The municipality have two contract that generates contingent rent.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
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|-----------------|------|------|

38. Contingencies

The municipality are not aware of any contingent liabilities or contingent assets that must be raised.

39. Prior period errors

Error 1

The take on values of inventory items accounted for in Property, Plant and Equipment were incorrect due to incorrect fair value amounts used. A detailed analysis were done on the specific inventory items queried in previous year in order to correct the take on and carrying values of these inventory items captured in Property, Plant and Equipment.

Error 2

The debtor raised for Prodiba fees receivable in the current year were the most reliable estimation of the income receivable in the prior year. There were no income received from the debtors with regard to this issue and the municipality doubts that there will be any income with regard to this issue in the years to come.

Error 3

The provision raised for performance bonuses in the prior year were based on the municipalities best estimate as at 30 June 2008. There were no performance bonuses paid in the current year and therefore the estimated provision are corrected in the prior period.

Error 4

The insurance claims received and paid out control account was never reconciled in detail. Due to high staff turnover and limited to no skills transfer in this position prior period receipts that should have been allocated to the control account were incorrectly allocated to the Statement of Financial Performance.

Error 5

The provision raised for long service awards in the prior year were based on the municipalities best estimate as at 30 June 2008. The actual amount paid out for long service awards differed from the amount raised as a provision in the prior year and the municipality decided to rectify this provision retrospectively.

Error 6

The income deferred relating to prepaid electricity for the year ended 30 June 2009 were based on managements best estimate at that time. The municipality revised the basis for calculation in the current year which subsequently led to a incorrect estimate for the year ended 30 June 2008. The estimate was corrected retrospectively.

Error 7

The amounts received relating to land sales during the year ended 30 June 2009 related to land sales for the year ended 30 June 2009. The municipality believes that these specific items should have been raised as a debtor in the prior period and therefore restated these amounts retrospectively.

Error 8

This amount relates to costs of properties sold in the prior year incorrectly allocated to a suspense account instead of loss on sale of Property. The municipality decided to correct this amount retrospectively in order to give the most reliable presentation of this specific line item.

Error 9

This amount relates to capital incorrectly made available for capitalisation of assets and in return no assets were capitalised for this specific amount. The municipality decided to correct this amount retrospectively in order to comply with GRAP requirements.

Error 10

In order to comply with GRAP standards the Municipality decided to correct certain control accounts not correctly accounted or presented for in prior years retrospectively as far as possible. The difference in the control accounts were due to high staff turnover and limited or no skills transfer in the same event which led to no or limited review of the balances in the control account. The municipality have now implemented controls to ensure that this event does not repeat in future.

Error 11

In order to comply with GRAP standards the Municipality decided to correct certain long term receivables not correctly accounted or presented for in prior years retrospectively as far as possible. The difference in the long term receivables were due to journals incorrectly allocated in the prior years. The municipality have now implemented controls to ensure that this

Saldanha Bay Municipality

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| 39. Prior period errors (continued) | | |
| event does not repeat in future. | | |
| Error 12 | | |
| In order to comply with GRAP standards the Municipality reviewed all lease agreements as lessor to ensure the correct treatment of all lease agreements. The municipality have undercharged certain debtors in the past and decided to correct this error retrospectively. | | |
| Error 13 | | |
| The allocation between capital and interest to the DWAF loan have been incorrect in prior years. The municipality allocated more capital and less interest to the loan which led to the loan balance outstanding not agreeing to DWAF's loan balance. The municipality decided to correct the split between interest and capital to the DWAF loan retrospectively. | | |
| Error 14 | | |
| In order to comply with GRAP standards the municipality had to straight line all operating lease receivable over the term of the lease agreement. The municipality determined the amount receivable and the amount receivable if straight lined and accounted for the difference as a operating lease asset. The municipality decided to restate this operating lease asset retrospectively. | | |
| Error 15 | | |
| VAT were incorrectly allocated to Property, Plant and Equipment in prior periods. The municipality decided to correct these amounts retrospectively. | | |
| Error 16 | | |
| During the year ended 30 June 2008 a specific item of Property, Plant and Equipment had incorrect take on values. The municipality decided to correct this item retrospectively. | | |
| The correction of the error(s) results in adjustments as follows: | | |
| Statement of financial position | | |
| Error 1 - Property, Plant and Equipment - Other @ Cost | - | 3 860 987 |
| Error 1 - Property, Plant and Equipment - Other @ Acc Depr | - | (128 495) |
| Error 1 - Accumulated Surplus | (3 732 492) | (3 732 492) |
| Error 2 - Trade and Other Receivables from Exchange Transactions - Sundry Debtors | - | (297 905) |
| Error 2 - Accumulated Surplus | 297 905 | - |
| Error 3 - Provision - Performance Bonus | - | 5 778 |
| Error 3 - Accumulated Surplus | (5 778) | - |
| Error 4 - Trade and Other Payables from Exchange Transactions - Control Account | - | (283 094) |
| Error 4 - Accumulated Surplus | 283 094 | - |
| Error 5 - Provisions - Long Service Awards | - | (178 341) |
| Error 5 - Accumulated Surplus | 178 341 | - |
| Error 6 - Trade and Other Payables from Exchange Transactions - Deferred Income | - | (1 319 509) |
| Error 6 - Accumulated Surplus | 1 319 509 | - |
| Error 7 - Trade and Other Receivables from Exchange Transactions - Sundry Debtors | - | 513 912 |
| Error 7 - Accumulated Surplus | (513 912) | - |
| Error 8 - Trade and Other Receivables from Exchange Transactions - Sundry Debtors | - | (331 680) |
| Error 8 - Accumulated Surplus | 331 680 | - |
| Error 9 - Trade and Other Payables from Exchange Transactions - Creditors | - | 25 690 |
| Error 9 - Accumulated Surplus | (25 690) | - |
| Error 10 - Trade and Other Payables from Exchange Transactions - Control Account | - | 4 204 |
| Error 10 - Trade and Other Payables from Exchange Transactions - Control Account | - | 4 631 |
| Error 10 - Trade and Other Receivables from Exchange Transactions - Sundry Debtors | - | (48 451) |
| Error 10 - Accumulated Surplus | 39 616 | - |

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|---|-----------|-------------|
| 39. Prior period errors (continued) | | |
| Error 11 - Other Financial Assets - Long Term Receivables - Rugby Klub | - | 1 638 |
| Error 11 - Other Financial Asset - Long Term Receivable - Sport Klub | - | (26 573) |
| Error 11 - Other Financial Asset - Long Term Receivable - Skou Komitee | - | 11 334 |
| Error 11 - Accumulated Surplus | 13 601 | - |
| Error 12 - Trade and Other Receivables From Exchange Transactions - Trade Debtors | - | 86 986 |
| Error 12 - VAT | - | (10 682) |
| Error 12 - Accumulated Surplus | 76 304 | - |
| Error 13 - Other Financial Liabilities - Loan from DWAF | - | (8 062) |
| Error 13 - Accumulated Surplus | 8 062 | - |
| Error 14 - Operating Lease Asset | - | 173 548 |
| Error 14 - Accumulated Surplus | (173 548) | - |
| Error 15 - Property, Plant and Equipment - Other @ Cost | - | (236) |
| Error 15 - Property, Plant and Equipment - Community @ Cost | - | (14 233) |
| Error 15 - Property, Plant and Equipment - Infrastructure @ Cost | - | (22 761) |
| Error 15 - Accumulated Surplus | 37 230 | 37 230 |
| Error 16 - Property, Plant and Equipment - Other @ Cost | - | (1 323 780) |
| Error 16 - Accumulated Surplus | 1 323 780 | 1 323 780 |
| Statement of financial performance | | |
| Error 2 - Income - Licenses and Permits | - | 297 505 |
| Error 3 - Expenses - Bonus | - | (5 778) |
| Error 4 - Income - Insurance | - | 293 094 |
| Error 5 - Expenses - Bonus (Long Service Awards) | - | 178 341 |
| Error 6 - Income - Service Charges (Prepaid Electricity) | - | 1 319 509 |
| Error 7 - Income - Profit on Sale of Land | - | (513 912) |
| Error 8 - Expenses - Loss on Sale of Land | - | 331 680 |
| Error 9 - Income Other Grants | - | (25 690) |
| Error 10 - Expenses - Employee Cost | - | (4 204) |
| Error 10 - Expenses - Employee Costs | - | (4 631) |
| Error 10 - Expenses - Insurance | - | 48 451 |
| Error 11 - Income - Interest Received | - | (1 638) |
| Error 11 - Income - Rental Received | - | 26 573 |
| Error 11 - Income - Interest Received | - | (11 334) |
| Error 12 - Income - Rental Received | - | (76 303) |
| Error 13 - Expense - Interest Costs | - | (8 062) |
| Error 14 - Income - Rental Received | - | (173 548) |

40. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are shown in Appendix K.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

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|-----------------|------|------|

41. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any deficits from non-performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

42. Events after the reporting date

The municipality are not aware of any events after the reporting date that might have an impact on the financial statements.

43. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

| | | |
|---------------------------------|-----------|-----------|
| Opening balance | - | - |
| Current year subscription / fee | 334 922 | 339 664 |
| Amount paid - current year | (334 922) | (339 664) |
| Amount paid - previous years | - | - |
| | - | - |

No amount were outstanding at year end.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|-----------------|------|------|
|-----------------|------|------|

43. Additional disclosure in terms of Municipal Finance Management Act (continued)

South African Music Rights and Skills Development Levies

| | | |
|---------------------------------|-----------|--------------|
| Opening balance | 1 585 | - |
| Current year subscription / fee | 754 597 | 734 768 |
| Amount paid - current year | (754 597) | (733 183) |
| Amount paid - previous years | (1 585) | - |
| | <u>-</u> | <u>1 585</u> |

No amounts were outstanding at year end.

Audit fees

| | | |
|---------------------------------|-------------|-------------|
| Opening balance | - | 9 170 |
| Current year subscription / fee | 1 824 905 | 1 206 707 |
| Amount paid - current year | (1 824 905) | (1 206 707) |
| Amount paid - previous years | - | (9 170) |
| | <u>-</u> | <u>-</u> |

No amounts were outstanding at year end.

PAYE and UIF

| | | |
|---------------------------------|-------------|----------------|
| Opening balance | (6 505) | - |
| Current year payroll deductions | 9 320 007 | 8 374 938 |
| Amount paid - current year | (9 320 007) | (8 381 443) |
| Amount unpaid - previous years | 6 505 | - |
| | <u>-</u> | <u>(6 505)</u> |

No amounts were outstanding at year end.

Pension and Medical Aid Deductions

| | | |
|---|--------------|--------------|
| Opening balance | - | - |
| Current year payroll deductions and Council Contributions | 23 379 111 | 20 231 218 |
| Amount paid - current year | (23 379 111) | (20 231 218) |
| Amount paid - previous years | - | - |
| | <u>-</u> | <u>-</u> |

No amounts were outstanding at year end.

VAT

| | | |
|----------------|----------------|----------------|
| VAT receivable | 792 559 | - |
| VAT payable | - | 277 182 |
| | <u>792 559</u> | <u>277 182</u> |

All VAT returns have been submitted by the due date throughout the year.

Councillors' arrear consumer accounts

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

| Figures in Rand | 2009 | 2008 |
|-----------------|------|------|
|-----------------|------|------|

43. Additional disclosure in terms of Municipal Finance Management Act (continued)

The following Councilors had arrear accounts outstanding for more than 90 days at 30 June 2009:-

| 30 June 2009 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
|---------------------------|-------------------------------------|-------------------------------------|--------|
| Councilors De Beer JJ & O | - | 5 004 | 5 004 |
| Councilor Swartz JJ | - | 2 307 | 2 307 |
| | - | 7 311 | 7 311 |
| 30 June 2008 | Outstanding less than 90 days | Outstanding more than 90 days | Total |
| Councilor Mbanze F | - | 883 | 883 |
| Councilors De Beer JJ & O | - | 4 918 | 4 918 |
| Councilors De Beer JJ & O | - | 1 474 | 1 474 |
| Councilors De Beer JJ & O | - | 817 | 817 |
| Councillor Jordaan E | - | 11 303 | 11 303 |
| | - | 19 395 | 19 395 |

During the year the following Councilors' had arrear accounts outstanding for more than 90 days.

| 30 June 2009 | Highest outstanding amount | Aging (in days) |
|---------------------------|----------------------------------|--------------------|
| Councilors De Beer JJ&O | 5 004 | 120 |
| Councillor Swartz JJ | 2 308 | 120 |
| | 7 312 | 240 |
| 30 June 2008 | Highest outstanding amount | Aging (in days) |
| Councillor Mbanze F | 3 340 | 120 |
| Councilors De Beer JJ & O | 9 222 | 120 |
| Councilors De Beer JJ & O | 1 658 | 120 |
| Councilors De Beer JJ & O | 1 661 | 120 |
| Councillor Jordaan E | 12 799 | 120 |
| | 28 680 | 600 |

44. Utilisation of Long-term liabilities reconciliation

| | | |
|---|--------------|--------------|
| Long-term liabilities raised | 63 209 914 | 72 266 860 |
| Used to finance property, plant and equipment | (63 209 914) | (72 266 860) |
| | - | - |

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

45. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E1 for the comparison of actual operating expenditure versus adjusted budgeted expenditure.

Saldanha Bay Municipality

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

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|-----------------|------|------|

46. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E2 for the comparison of actual capital expenditure versus adjusted budgeted expenditure.

47. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Please refer to Appendix H for a detailed schedule of the deviations from the supply chain regulations.

7.6

| EXTERNAL LOANS | Loan Number | Redeemable | Balance at 30/06/08 | Received during the period | Redeemed written off during the period | Balance at 30/06/09 |
|------------------------------------|------------------|------------|---------------------|----------------------------|--|---------------------|
| Other Financial Liabilities | | | R | R | R | R |
| Dept. of Water affairs | AA 3701-12-20 | | 178 782 | - | 16 580 | 162 202 |
| Development Bank SA @ 12.534% | Project 13435 | 2014/12/31 | 1 384 091 | - | 212 937 | 1 171 154 |
| Development Bank SA @ 12.534% | Project 13437 | 2014/12/31 | 2 370 530 | - | 364 697 | 2 005 833 |
| Development Bank SA @ 12.534% | Project 13439 | 2014/12/31 | 597 228 | - | 91 881 | 505 347 |
| Development Bank SA @ 12.534% | Project 13440 | 2014/12/31 | 2 023 806 | - | 311 355 | 1 712 451 |
| Development Bank SA @ 12.534% | Project 13441 | 2014/12/31 | 3 439 973 | - | 529 227 | 2 910 746 |
| Development Bank SA @ 12.95% | Project 100394 | 2013/06/30 | 3 581 556 | - | 548 879 | 3 032 677 |
| Development Bank SA @ 10.80% | Project 101315/1 | 2014/06/30 | 4 316 034 | - | 544 393 | 3 771 641 |
| Development Bank SA @ 9.63% | Project 101783/1 | 2015/06/30 | 2 956 582 | - | 313 081 | 2 643 501 |
| Development Bank SA @ 9.36% | Project 102908 | 2018/12/31 | 7 010 000 | - | 449 132 | 6 560 868 |
| Nedbank @ 9.22% | 5723 | 2017/06/30 | 22 235 407 | - | 1 688 855 | 20 546 552 |
| Nedbank @ 8.46% | 5724 | 2008/06/30 | - | - | - | - |
| Nedbank @ 8.94% | 5725 | 2011/06/30 | 2 781 523 | - | 850 115 | 1 931 408 |
| Nedbank @ 8.83% | 5726 | 2010/06/30 | 2 804 686 | - | 1 346 021 | 1 458 665 |
| Nedbank @ 9.20% | 5727 | 2015/06/30 | 16 586 661 | - | 1 789 793 | 14 796 868 |
| Total annuity loans | | | 72 266 860 | - | 9 056 946 | 63 209 914 |
| Leased Liabilities | | | | | | |
| Multid Forward (Winelands Finance) | | | 36 833 | - | 23 506 | 13 327 |
| Fintech | | | - | - | - | - |
| Stannic | | | 2 447 | - | 2 447 | -0 |
| Bovidae Investments | | | 7 708 | - | 7 708 | -0 |
| Geosystems Africa Pty (Ltd) | | | 51 773 | - | 51 773 | -0 |
| Sunlyn Investments | | | - | - | - | - |
| Total Lease Liability | | | 98 761 | - | 85 434 | 13 327 |
| Total External Loans | | | 72 365 621 | - | 9 142 380 | 63 223 241 |

[illegible]

Saldanha Bay Municipality
Appendix B
30 June 2009

INFRASTRUCTURE

| | | | | | | | | | | | | |
|-----------------|------------|-----------|---------|----------|------------|------------|-------------|------------|--------|---------|------------|-------------|
| ACCESS CONTROL | 420 439 | - | - | - | - | 420 439 | -125 583 | -67 556 | - | - | - | -193 140 |
| BRIDGES, SUBWAY | 1 145 055 | - | - | - | - | 1 145 055 | -310 550 | -31 629 | - | - | -0 | -342 179 |
| BUS TERMINALS | 1 824 660 | - | - | - | - | 1 824 660 | -801 086 | -61 695 | - | - | - | -862 781 |
| CAR PARKS | 5 305 797 | 295 920 | - | -131 319 | -2 324 391 | 3 146 008 | -2 228 461 | -73 846 | 16 352 | 131 319 | 395 588 | -1 759 048 |
| FENCING | 5 765 944 | 788 263 | - | - | -2 457 | 6 551 751 | -4 721 326 | -603 448 | - | - | 2 416 | -5 322 358 |
| FOOTWAYS | 1 959 499 | 3 012 645 | - | - | 1 064 642 | 6 036 785 | -838 700 | -99 788 | - | - | -367 069 | -1 305 557 |
| KERBING | 8 516 772 | 2 700 | - | - | - | 8 519 472 | -3 684 965 | -353 825 | - | - | - | -4 038 791 |
| LOAD CONTROL EQ | 129 976 | - | - | - | - | 129 976 | -129 976 | - | - | - | - | -129 976 |
| MAINS | 1 570 908 | 6 610 130 | - | - | - | 8 181 038 | -1 230 369 | -130 848 | - | - | - | -1 361 218 |
| MAINS | 722 071 | 786 072 | - | - | 135 155 | 1 643 298 | -59 126 | -2 341 | - | - | - | -61 467 |
| METERS | 1 384 959 | 212 529 | - | - | 170 058 | 1 767 546 | -918 083 | -48 230 | 59 | - | -59 | -966 314 |
| PAVING | 556 774 | 74 519 | - | - | - | 631 292 | -401 002 | -12 338 | - | - | - | -413 340 |
| PIPELINES | 6 545 581 | 6 499 458 | - | - | - | 13 045 038 | -119 672 | -182 583 | - | - | - | -302 255 |
| POWER STATIONS | 11 655 795 | 19 862 | -12 955 | - | 661 612 | 12 324 314 | -5 045 369 | -356 462 | 4 | - | -279 136 | -5 680 963 |
| PUMP STATIONS | 62 908 | 1 044 616 | - | - | - | 1 107 525 | -62 908 | -348 | - | - | - | -63 256 |
| PURIFICATION WO | 22 150 170 | 402 699 | - | - | -9 211 | 22 543 658 | -8 921 001 | -594 520 | - | - | 975 | -9 514 545 |
| AIRPORTS/RADIO | 2 696 946 | - | 925 513 | -925 513 | -2 696 946 | - | -404 911 | - | - | - | 404 911 | - |
| OTHER ROADS | 73 234 805 | 6 879 180 | 26 172 | - | 5 562 691 | 85 702 848 | -53 805 940 | -3 171 265 | 78 000 | - | -1 198 815 | -58 098 019 |
| RUNWAYS | 579 132 | 632 868 | - | - | - | 1 212 000 | -579 132 | -7 976 | - | - | - | -587 107 |
| SECURITY SYSTEM | 1 341 327 | 142 943 | - | - | -165 592 | 1 318 677 | -976 334 | -49 180 | 56 | - | 99 364 | -926 054 |
| SEWERS | 57 539 338 | 4 131 500 | 13 219 | - | 3 534 220 | 65 218 277 | -38 457 311 | -1 440 606 | 14 863 | - | -211 419 | -40 094 474 |
| SLUDGE PUMPS | - | - | - | - | 8 750 | 8 750 | - | -19 | - | - | - | -19 |
| SEWERAGE PUMPS | 909 549 | 8 750 | - | - | -8 750 | 909 549 | -316 437 | -55 910 | - | - | - | -372 346 |
| STREET LIGHTING | 5 426 348 | 629 368 | - | - | -253 372 | 5 802 344 | -2 646 392 | -168 760 | - | - | 30 503 | -2 784 589 |
| SUPPLY/RETICULA | 75 285 304 | 3 514 633 | 34 378 | - | 237 287 | 79 071 603 | -56 271 128 | -2 179 722 | 7 347 | - | -773 023 | -59 216 527 |
| SUPPLY/RETICULA | 48 587 893 | 279 097 | 358 656 | - | 1 888 037 | 51 113 683 | -36 187 761 | -1 273 788 | - | - | -440 985 | -37 902 544 |
| STORMWATER DRAI | 9 715 592 | 2 253 617 | - | - | -189 017 | 11 780 197 | -5 591 175 | -233 885 | - | - | 21 361 | -5 803 699 |
| SWITCHGEAR EQUI | 787 791 | 318 567 | - | - | 374 114 | 1 480 471 | -412 640 | -47 354 | - | - | -194 999 | -654 993 |
| RESERVOIRS & TA | 21 324 877 | 3 829 704 | - | - | 0 | 25 154 580 | -9 638 312 | -650 390 | - | - | - | -10 288 702 |
| TAXIWAYS | 1 942 387 | - | - | - | -1 400 000 | 542 387 | -526 504 | -11 776 | - | - | 71 388 | -466 893 |
| TRANSFORMER KIO | 519 513 | 324 552 | - | - | 194 351 | 1 038 416 | -103 114 | -21 580 | - | - | -87 224 | -211 919 |
| TRAFFIC ISLANDS | 293 328 | 130 424 | - | - | 89 855 | 513 608 | -293 328 | -11 148 | - | - | -41 407 | -345 883 |
| TRAFFIC LIGHTS | 155 222 | - | - | - | - | 155 222 | -89 470 | -6 582 | - | - | - | -96 053 |
| STREET NAMES & | 780 316 | 124 553 | - | - | 69 881 | 974 749 | -427 919 | -50 441 | 295 | - | -69 881 | -547 946 |

COMMUNITY

BEACH DEVELOPME
BOWLING GREENS
CEMETERIES
COMMUNITY CENTR
FLOODLIGHTING
GOLF COURSES
HERITAGE BUILDI
CLINICS/HOSPITA
INFORMAL HOUSIN
LIBRARIES
MUNICIPAL BUILD
MUNICIPAL HOUSE
OUTDOOR SPORTS
PARKS
PUBLIC CONVENIE
RECREATION CENT
SWIMMING POOLS
TENNIS COURTS

| | Opening Balance 01/07/2008 | Additions 2008/09 | Other Changes | Disposals | Transfers | Closing Balance 30/06/2009 | Opening Balance 01/07/2008 | Additions 2008/09 | Other Changes | Disposals | Transfers | Closing Balance 30/06/2009 |
|--|----------------------------------|----------------------|------------------|-------------|-------------|----------------------------------|----------------------------------|----------------------|------------------|-----------|------------|----------------------------------|
| | 370 836 973 | 42 949 168 | 1 344 984 | -1 056 832 | 6 940 924 | 421 015 216 | -236 325 985 | -11 999 782 | 116 975 | 131 319 | -2 637 521 | -250 714 994 |
| | 41 363 749 | 1 724 158 | - | -50 000 | 76 779 | 43 114 686 | -10 740 923 | -205 049 | - | 50 000 | -15 721 | -10 911 693 |
| | - | 16 329 | - | - | - | 16 329 | - | - | - | - | - | - |
| | 2 608 357 | - | 5 560 | -1 580 698 | -359 622 | 673 597 | -164 851 | - | - | - | 164 851 | - |
| | 16 196 980 | 1 368 328 | 823 713 | -6 698 049 | -7 223 659 | 4 469 312 | -5 120 642 | -97 111 | - | 469 213 | 3 544 580 | -1 203 961 |
| | 242 960 | 27 330 | - | - | 83 781 | 354 071 | -20 790 | -17 142 | - | - | -14 090 | -52 022 |
| | 480 616 | 136 228 | - | - | -80 000 | 536 844 | -430 802 | -20 096 | - | - | 80 000 | -370 898 |
| | 10 485 | - | - | - | - | 10 485 | - | - | - | - | - | - |
| | 2 002 970 | 94 367 | - | - | -521 682 | 1 575 656 | -530 025 | -49 097 | - | - | 382 508 | -196 614 |
| | 4 243 974 | - | - | - | - | 4 243 974 | -196 590 | -20 232 | - | - | - | -216 822 |
| | 6 322 481 | 92 646 | - | - | -6 228 775 | 186 353 | -2 198 674 | -851 | - | - | 2 113 517 | -86 007 |
| | 9 186 277 | 166 335 | - | -586 112 | -2 480 423 | 6 306 076 | -2 865 409 | -125 271 | - | 248 033 | 1 045 864 | -1 696 783 |
| | 14 895 511 | - | 931 924 | -1 760 447 | -10 610 358 | 3 456 630 | -2 856 463 | -136 753 | - | 124 392 | 1 640 764 | -1 228 061 |
| | 11 504 856 | 387 299 | 127 970 | -433 770 | -7 978 443 | 3 607 911 | -5 448 861 | -63 651 | - | 305 800 | 3 051 828 | -2 154 884 |
| | 4 134 362 | 146 786 | 117 343 | -247 518 | -2 463 051 | 1 687 922 | -772 667 | -46 682 | -7 965 | 102 902 | 213 767 | -510 644 |
| | 5 061 504 | 689 010 | -9 | - | -2 794 915 | 2 955 591 | -2 238 542 | -37 362 | 4 | - | 829 861 | -1 446 039 |
| | 681 108 | - | - | - | - | 681 108 | -28 488 | -22 704 | - | - | - | -51 192 |
| | 2 363 754 | 591 563 | - | - | - | 2 955 318 | -2 142 524 | -15 742 | - | - | - | -2 158 265 |
| | 2 638 589 | - | - | - | -2 535 442 | 103 148 | -908 066 | -1 266 | - | - | 816 056 | -93 275 |
| | 123 940 534 | 5 440 379 | 2 006 501 | -11 356 594 | -43 095 810 | 76 935 010 | -36 664 316 | -859 008 | -7 961 | 1 300 341 | 13 853 784 | -22 377 161 |
| | - | - | 260 000 | -651 948 | 1 056 635 | 664 687 | - | - | - | - | -3 926 | -3 926 |
| | 851 800 | - | - | - | -851 800 | - | -85 258 | - | - | - | 85 258 | - |
| | 333 843 | 107 602 | - | - | 69 548 | 510 993 | -259 187 | -19 609 | 30 018 | - | -69 548 | -318 326 |
| | 123 525 | 81 646 | - | - | - | 205 171 | -78 722 | -10 475 | 3 001 | - | - | -87 196 |
| | - | 1 755 300 | - | - | - | 1 755 300 | - | -51 939 | 51 939 | - | - | - |
| | 10 944 | - | - | - | -10 944 | - | -2 482 | - | -51 939 | - | 2 482 | -51 939 |
| | 3 645 293 | 334 861 | - | - | -407 590 | 3 572 364 | -2 072 110 | -193 767 | 124 476 | - | 63 539 | -2 077 861 |
| | 1 526 642 | - | - | -2 957 | - | 1 523 685 | -915 873 | -170 806 | 17 195 | 568 | - | -1 068 916 |
| | 14 340 201 | 59 247 | - | - | -7 879 509 | 6 519 940 | -9 183 781 | -40 373 | - | - | 3 756 429 | -5 467 725 |
| | 1 476 681 | 29 322 | - | -24 548 | - | 1 481 455 | -875 210 | -168 980 | 14 278 | 21 473 | - | -1 008 439 |
| | 9 740 360 | 1 125 547 | 2 589 | -10 211 | -123 809 | 10 734 477 | -7 491 253 | -647 380 | 635 628 | 10 211 | 10 829 | -7 481 975 |
| | 2 882 148 | - | - | - | -2 836 622 | 45 527 | -2 043 719 | -2 203 | - | - | 2 000 395 | -45 527 |
| | 10 522 | - | - | - | - | 10 522 | -6 016 | -1 418 | -0 | - | - | -7 435 |
| | 27 592 | 2 600 | - | - | - | 30 192 | -15 194 | -3 159 | 0 | - | - | -18 352 |
| | 607 171 | 19 155 | - | - | -142 336 | 483 990 | -486 522 | -17 691 | 29 030 | - | 93 838 | -381 296 |
| | 6 118 141 | 84 104 | - | -1 703 | -5 192 501 | 1 008 041 | -2 207 161 | -95 185 | 32 684 | 768 | 1 601 886 | -667 008 |
| | 4 311 | - | - | - | -4 311 | - | -784 | - | - | - | 784 | - |
| | 2 870 278 | 252 814 | - | - | 136 087 | 3 259 178 | -2 437 632 | -194 377 | 206 385 | - | -56 960 | -2 482 583 |
| | 812 317 | 31 971 | - | - | -636 500 | 207 789 | -410 965 | -8 305 | 267 889 | - | - | -151 381 |

OTHER

VACANT LAND OTH
ABATTOIRS
AIR CONDITIONER
AUDIO EQUIPMENT
BROOM - DRAWN
BEACH DEVELOPME
BULK CONTAINERS
CABINETS/CUPBOA
CARAVAN PARKS
CHAIRS
COMPUTER HARDWA
COMPUTER SOFTWA
DRILL - CONCRET
EQUIPMENT/APPAR
EQUIPMENT/APPAR
ELECTRICAL EQUI
MILLING EQUIPME
RADIO EQUIPMENT
TELECOMMUNICATI

CL

| | Opening Balance 01/07/2008 | Additions 2008/09 | Other Changes | Disposals | Transfers | Closing Balance 30/06/2009 | Opening Balance 01/07/2008 | Additions 2008/09 | Other Changes | Disposals | Transfers | Closing Balance 30/06/2009 |
|------------------|----------------------------------|----------------------|------------------|-------------|--------------|----------------------------------|----------------------------------|----------------------|------------------|-----------|------------|----------------------------------|
| FARMS | 416 536 | - | - | - | - | 416 536 | -416 536 | - | - | - | - | -416 536 |
| FIRE | 192 870 | - | - | - | 72 419 | 265 289 | -96 935 | -14 476 | -0 | - | -19 206 | -130 617 |
| FIREARMS | 23 109 | - | - | - | - | 23 109 | -14 856 | -2 464 | - | - | - | -17 319 |
| GENERATOR | 316 158 | - | - | - | 6 300 | 322 458 | -277 793 | -10 510 | 23 632 | - | -6 260 | -270 870 |
| GENERAL | 20 979 828 | 861 199 | - | -145 000 | -12 438 055 | 9 257 972 | -5 839 031 | -1 321 177 | 134 366 | 145 000 | 2 775 606 | -4 105 236 |
| HOUSEHOLD REFUS | 1 556 480 | 477 050 | - | - | 407 580 | 2 441 120 | -543 421 | -384 998 | 63 561 | - | -63 539 | -928 397 |
| HOUSING SCHEMES | 8 023 017 | 21 391 876 | -384 828 | -21 007 048 | -2 749 870 | 5 273 148 | -819 098 | -137 267 | - | - | -1 114 589 | -2 070 954 |
| IRRIGATION SYST | 1 691 517 | 4 213 | - | - | - | 1 695 730 | -1 130 113 | -61 034 | - | - | - | -1 191 147 |
| MARKETS | 1 400 653 | - | - | - | -1 285 653 | 115 000 | -386 404 | -3 833 | - | - | 336 518 | -53 719 |
| MISCELLANEOUS | 5 432 054 | 375 354 | - | -7 772 | -1 981 191 | 3 818 445 | -2 095 918 | -330 304 | 68 506 | 3 229 | 281 792 | -2 072 694 |
| MIXER - CONCRET | 93 912 | - | - | - | - | 93 912 | -87 792 | -956 | 7 862 | - | - | -80 887 |
| OFFICE BUILDINGS | 28 527 714 | 547 641 | 3 062 645 | -8 930 919 | -17 613 885 | 5 593 197 | -9 578 286 | -138 501 | -1 738 781 | 2 751 485 | 6 755 988 | -1 948 095 |
| OFFICE MACHINES | 2 974 445 | 116 472 | - | -400 | -1 997 616 | 1 092 901 | -2 677 853 | -164 593 | 2 077 462 | 400 | -19 444 | -784 028 |
| OTHER LAND | 400 409 | - | - | - | - | 400 409 | - | - | - | - | - | - |
| PUMPS | 958 903 | - | - | - | - | 958 903 | -85 850 | -21 936 | 0 | - | 2 074 | -105 712 |
| SUPPLY/RETICULA | - | - | - | - | - | - | - | - | - | - | - | - |
| TABLES/DESKS | 1 638 288 | 52 638 | - | -2 597 | 12 854 | 1 701 083 | -920 361 | -189 235 | 6 406 | 463 | -2 572 | -1 105 297 |
| TIPPERS | 503 837 | - | - | - | - | 503 837 | -85 767 | -33 589 | - | - | - | -119 356 |
| TIP SITES | 460 820 | 170 128 | - | -126 000 | 3 568 165 | 4 073 114 | -318 529 | -409 660 | - | 126 000 | -425 555 | -1 027 744 |
| TOOLS | 392 070 | 456 155 | - | - | 63 343 | 911 567 | -188 297 | -102 467 | 15 546 | - | -40 585 | -315 804 |
| TOWN PLANNING | 5 122 457 | - | - | - | -10 703 | 5 111 754 | -4 381 982 | -358 888 | - | - | 15 856 | -4 725 014 |
| TRAILERS | 2 001 754 | 72 981 | - | -27 526 | 678 995 | 2 726 204 | -971 809 | -405 474 | 64 355 | 27 526 | -93 363 | -1 378 765 |
| TRAINING CENTRE | 73 865 | - | - | - | -73 865 | - | -7 400 | - | - | - | 7 400 | - |
| VACANT LAND | 242 308 600 | - | - | - | -242 308 600 | - | -3 926 | - | - | - | 3 926 | - |
| VALUATION ROLL | 1 036 238 | 2 770 483 | - | - | - | 3 806 722 | -82 699 | -256 114 | 628 | - | - | -338 185 |
| MOTOR VEHICLES | 4 677 413 | 899 889 | - | -149 126 | -972 868 | 4 455 308 | -2 438 157 | -415 144 | 159 077 | 149 126 | 269 946 | -2 275 151 |
| BUSES | 274 980 | - | - | - | - | 274 980 | -44 198 | -18 332 | - | - | - | -62 530 |
| COMPRESSORS | 69 716 | 14 119 | - | - | 78 546 | 162 381 | -59 239 | -5 045 | 12 370 | - | -78 546 | -130 460 |
| MOTOR CYCLES | 7 712 | - | - | -7 712 | - | - | -7 712 | - | - | 7 712 | - | - |
| FIRE ENGINES | 1 131 410 | - | - | - | - | 1 131 410 | -756 130 | -34 150 | 44 841 | - | - | -745 439 |
| FARM EQUIPMENT | 35 501 | - | - | - | - | 35 501 | -8 201 | -3 687 | - | - | - | -11 888 |
| GRADERS | 4 659 425 | - | - | -32 144 | - | 4 627 281 | -2 785 038 | -350 572 | 176 616 | 32 144 | - | -2 926 850 |
| LAWNMOWERS | 1 643 468 | 260 487 | - | - | -32 770 | 1 871 184 | -1 291 427 | -215 536 | 104 166 | - | 32 770 | -1 370 077 |
| POUND VEHICLES | 148 331 | - | - | - | -148 331 | - | -34 462 | - | - | - | 34 462 | - |
| ROAD MAINTENANC | 1 061 659 | 37 544 | - | - | 25 750 | 1 125 953 | -670 428 | -56 726 | 40 515 | - | -83 332 | -769 970 |
| TRUCKS/BAKKIES | 35 670 391 | 1 517 325 | - | -1 287 541 | 975 546 | 36 875 721 | -26 642 770 | -2 997 860 | 2 047 290 | 1 287 541 | -272 624 | -26 578 422 |
| TRACTORS | 1 482 271 | - | - | -16 009 | -9 123 | 1 457 139 | -1 463 306 | -11 671 | 145 714 | 16 009 | 1 830 | -1 311 425 |
| WELDER | 20 997 | - | - | - | 2 662 | 23 659 | -11 921 | -3 568 | -0 | - | -646 | -16 135 |
| WORKSHOPS/DEPOT | 8 030 990 | 209 189 | 701 454 | -2 376 354 | -5 675 539 | 889 740 | -5 994 223 | -18 310 | -701 454 | 2 376 354 | 4 000 223 | -237 409 |
| | 430 821 568 | 34 118 714 | 3 641 860 | -34 807 616 | -298 228 549 | 135 545 978 | -101 790 732 | -10 103 804 | 4 113 261 | 6 956 010 | 19 783 245 | -81 042 020 |
| LAND & BUILDINGS | | | | | | | | | | | | |
| ABATTOIRS | - | - | - | - | 851 800 | 851 800 | - | -28 393 | - | - | -85 258 | -113 651 |
| CARAVAN PARKS | - | - | 66 872 | - | 7 879 509 | 7 946 380 | - | -264 886 | 1 825 609 | 1 576 913 | -3 756 429 | -618 794 |

| | Opening Balance 01/07/2008 | Additions 2008/09 | Other Changes | Disposals | Transfers | Closing Balance 30/06/2009 | Opening Balance 01/07/2008 | Additions 2008/09 | Other Changes | Disposals | Transfers | Closing Balance 30/06/2009 |
|-----------------------|----------------------------------|----------------------|------------------|-------------|-------------|----------------------------------|----------------------------------|----------------------|------------------|------------|-------------|----------------------------------|
| CEMETERIES | - | - | 188 507 | - | 378 201 | 566 707 | - | -667 | -4 340 | 8 680 | -4 340 | -667 |
| COMMUNITY CENTR | - | - | 181 417 | - | 7 371 308 | 7 552 725 | - | -508 880 | 597 281 | 2 106 148 | -3 737 250 | -1 542 702 |
| CAR PARKS | - | - | - | - | 2 106 371 | 2 106 371 | - | -105 319 | 71 414 | - | -376 865 | -410 770 |
| HOSPITALS & CL | - | - | 284 307 | - | 521 682 | 805 989 | - | -6 205 | -351 162 | 702 324 | -382 508 | -37 552 |
| HOUSING SCHEME | - | - | - | - | 4 832 900 | 4 832 900 | - | -161 097 | - | - | -483 731 | -644 820 |
| LIBRARIES | - | - | 442 160 | -3 430 511 | 6 228 775 | 3 240 423 | - | -37 630 | 1 243 734 | 713 045 | -2 113 517 | -244 367 |
| MARKETS | - | - | 204 934 | - | 1 285 653 | 1 490 586 | - | -49 690 | -2 051 436 | 2 387 954 | -336 518 | -49 690 |
| MUNICIPAL BUILD | - | - | 5 639 121 | - | 2 460 423 | 8 099 545 | - | -97 440 | -704 724 | 1 716 662 | -1 045 864 | -131 365 |
| MUNICIPAL HOUSE | - | - | -456 742 | - | 10 610 358 | 10 153 616 | - | -617 182 | 97 934 | 387 500 | -1 640 764 | -1 772 512 |
| OFFICE BUILDING | - | - | 6 334 096 | - | 17 709 590 | 24 043 686 | - | -765 452 | 1 229 884 | 4 265 508 | -6 796 944 | -2 067 004 |
| OUTDOOR SPORTS | - | - | 1 041 307 | - | 7 978 443 | 9 019 750 | - | -568 027 | 501 737 | 1 402 257 | -3 051 828 | -1 715 862 |
| PARKS | - | - | 571 295 | -971 236 | 2 463 051 | 2 063 110 | - | -46 569 | -42 689 | 115 835 | -213 767 | -187 191 |
| POWER STATIONS | - | - | - | - | 55 000 | 55 000 | - | -1 833 | - | - | -5 505 | -7 338 |
| PUBLIC CONVENIE | - | - | - | - | 2 719 511 | 2 719 511 | - | -147 999 | 496 167 | - | -823 009 | -474 841 |
| RADIO BEACON LA | - | - | -925 513 | - | 2 696 946 | 1 771 432 | - | -80 398 | -245 200 | 245 200 | -404 911 | -485 309 |
| ROADS | - | - | - | - | 20 000 | 20 000 | - | -2 000 | - | - | -6 005 | -8 005 |
| TAXI WAYS | - | - | - | - | 1 400 000 | 1 400 000 | - | -71 192 | - | - | -71 388 | -142 580 |
| TENNIS COURTS | - | - | - | - | 2 535 442 | 2 535 442 | - | -126 772 | 226 984 | - | -816 056 | -715 845 |
| TIP SITES | - | - | - | - | 1 550 000 | 1 550 000 | - | -41 465 | - | - | -389 438 | -430 903 |
| TRAINING CENTRE | - | - | - | - | 73 865 | 73 865 | - | -2 462 | - | - | -7 400 | -9 862 |
| WORKSHOPS | - | - | -701 454 | - | 3 599 879 | 2 898 424 | - | -53 326 | 2 133 393 | - | -2 409 273 | -329 206 |
| VACANT LAND | - | - | 16 271 147 | -12 950 524 | 241 251 964 | 244 572 588 | - | - | - | - | - | - |
| | - | - | 29 141 452 | -17 352 271 | 328 580 668 | 340 369 849 | - | -3 834 685 | 5 024 585 | 15 628 026 | -28 958 570 | -12 140 844 |
| LEASED ASSETS | | | | | | | | | | | | |
| COMPUTER HARDWA | - | - | - | - | 119 750 | 119 750 | - | -79 833 | - | - | - | -79 833 |
| OFFICE MACHINES | - | - | - | - | 2 039 100 | 2 039 100 | - | -1 743 111 | - | - | - | -1 743 111 |
| TELECOMMUNICATI | - | - | - | - | 636 500 | 636 500 | - | -424 333 | - | - | - | -424 333 |
| | - | - | - | - | 2 795 350 | 2 795 350 | - | -2 247 278 | - | - | - | -2 247 278 |
| INVESTMENT PROPERTIES | | | | | | | | | | | | |
| GOLF COURSES - | - | - | 1 125 000 | - | - | 1 125 000 | - | -925 | - | - | - | -925 |
| | - | - | 1 125 000 | - | - | 1 125 000 | - | -925 | - | - | - | -925 |
| INTANGIBLE | | | | | | | | | | | | |
| COMPUTER SOFTWA | - | 1 155 715 | - | - | 3 007 417 | 4 163 132 | - | -251 433 | 253 054 | - | -2 040 939 | -2 039 318 |
| | - | 1 155 715 | - | - | 3 007 417 | 4 163 132 | - | -251 433 | 253 054 | - | -2 040 939 | -2 039 318 |
| | | | | | | | | | | | | |

Total

| Opening Balance 01/07/2008 | Additions 2008/09 | Other Changes | Disposals | Transfers | Closing Balance 30/06/2009 | Opening Balance 01/07/2008 | Additions 2008/09 | Other Changes | Disposals | Transfers | Closing Balance 30/06/2009 |
|----------------------------------|----------------------|------------------|-------------|-----------|----------------------------------|----------------------------------|----------------------|------------------|------------|-----------|----------------------------------|
| 925 599 075 | 83 663 976 | 37 259 797 | -64 573 313 | 0 | 981 949 534 | -374 781 033 | -29 297 115 | 9 499 912 | 24 015 695 | 0 | -370 562 540 |

Summary

PPE - Owned
PPE - Leased
Investment Properties
Intangible Assets

| | | | | | | | | | | | |
|-------------|------------|------------|-------------|------------|-------------|--------------|-------------|-----------|------------|------------|--------------|
| 925 599 075 | 82 508 261 | 36 134 797 | -64 573 313 | -5 802 767 | 973 865 053 | -374 781 033 | -26 797 479 | 9 246 858 | 24 015 695 | 2 040 939 | -366 275 019 |
| - | - | - | - | 2 795 350 | 2 795 350 | - | -2 247 278 | - | - | - | -2 247 278 |
| - | - | 1 125 000 | - | - | 1 125 000 | - | -925 | - | - | - | -925 |
| - | 1 155 715 | - | - | 3 007 417 | 4 163 132 | - | -251 433 | 253 054 | - | -2 040 939 | -2 039 318 |

Saldanha Bay Municipality
Appendix C
30 June 2009

73

| | Opening Balance 01/07/2008 | Additions 2008/09 | Other Changes | Disposals | Closing Balance 30/06/2008 | Opening Balance 01/07/2008 | Additions 2008/09 | | Disposals | Closing Balance 30/06/2008 | Carrying Value |
|-----------------------------|----------------------------------|----------------------|------------------|-------------|----------------------------------|----------------------------------|----------------------|-----------|------------|----------------------------------|-------------------|
| Executive & Council | 1 615 745 | 213 845 | 2 589 | -3 734 | 1 828 446 | -953 554 | -135 223 | 53 253 | 1 114 | -1 034 409 | 794 037 |
| Finance & Admin | 259 591 013 | 4 341 311 | 21 312 160 | -13 749 974 | 271 494 510 | -13 014 082 | -3 133 134 | 2 433 406 | 230 110 | -13 483 701 | 258 010 809 |
| Planning & Development | 8 993 635 | 885 953 | 0 | -45 435 | 9 834 152 | -6 917 202 | -1 122 283 | 697 948 | 43 202 | -7 298 335 | 2 535 817 |
| Environmental Management | 493 519 | - | - | -322 306 | 171 213 | -491 295 | -33 345 | 17 120 | 322 306 | -185 214 | -14 001 |
| Community & Social Services | 193 057 133 | 7 937 553 | 15 693 696 | -27 882 334 | 188 806 049 | -75 889 658 | -6 169 482 | 3 345 161 | 21 451 309 | -57 262 670 | 131 543 379 |
| Housing | 13 324 605 | 21 061 237 | -0 | -21 051 458 | 13 334 384 | -1 447 361 | -384 844 | 11 238 | 44 410 | -1 776 556 | 11 557 828 |
| Public Safety | 7 982 369 | 344 922 | 165 709 | -107 964 | 8 385 035 | -4 119 026 | -583 976 | -58 894 | 515 255 | -4 246 641 | 4 138 394 |
| Waste Management | 122 763 351 | 7 081 746 | 13 219 | -1 131 002 | 128 727 314 | -67 359 639 | -5 902 314 | 1 165 445 | 1 128 884 | -70 967 624 | 57 759 689 |
| Road Transport | 126 967 562 | 14 917 923 | -0 | -255 248 | 141 630 237 | -81 215 576 | -5 468 612 | 891 354 | 255 248 | -85 537 586 | 56 092 651 |
| Water | 87 418 069 | 13 429 898 | 51 000 | -62 107 | 100 836 860 | -51 252 819 | -2 747 470 | 258 113 | 62 107 | -53 680 069 | 47 156 791 |
| Electricity | 102 075 922 | 12 650 873 | 21 424 | 38 249 | 114 786 468 | -71 042 176 | -3 539 384 | 617 043 | -38 249 | -74 002 765 | 40 783 703 |
| Other | 1 316 153 | 798 714 | -0 | - | 2 114 867 | -1 078 647 | -77 050 | 68 727 | - | -1 086 970 | 1 027 897 |
| | 925 599 075 | 83 663 976 | 37 259 797 | -64 573 313 | 981 949 534 | -374 781 033 | -29 297 115 | 9 499 913 | 24 015 695 | -370 562 540 | 611 386 995 |

Segmental Statement of Financial Performance

| 2008 Actual Income R | 2008 Actual Expenditure R | 2008 Surplus/ (Deficit) R | Sub Function | 2009 Actual Income R | 2009 Actual Expenditure R | 2009 Surplus/ (Deficit) R |
|-------------------------------|------------------------------------|------------------------------------|-----------------------------|-------------------------------|------------------------------------|------------------------------------|
| 19 210 882 | 24 759 158 | (5 548 276) | Executive & Council | 21 552 125 | 50 907 574 | -29 355 449 |
| 112 140 407 | 35 420 221 | 76 720 187 | Finance & Admin | 131 516 698 | 62 269 097 | 69 247 601 |
| 2 784 745 | 8 006 199 | (5 221 454) | Planning & Development | 1 403 826 | 7 564 463 | -6 160 637 |
| 218 795 | 314 195 | (95 400) | Health | - | 664 | -664 |
| 12 926 891 | 36 283 783 | (23 356 892) | Community & Social Services | 8 781 453 | 17 497 395 | -8 715 942 |
| 17 868 683 | 10 500 434 | 7 368 249 | Housing | 22 905 417 | 23 914 552 | -1 009 135 |
| 3 527 860 | 6 297 580 | (2 769 720) | Public Safety | 2 513 456 | 6 332 527 | -3 819 071 |
| - | - | - | Sport & Recreation | - | - | - |
| - | - | - | Environmental Protection | - | - | - |
| 50 250 269 | 43 728 967 | 6 521 302 | Waste Management | 51 699 583 | 48 295 389 | 3 404 195 |
| 8 134 651 | 31 362 567 | (23 227 916) | Road Transport | 2 874 582 | 13 451 501 | -10 576 919 |
| 70 234 262 | 53 859 568 | 16 374 694 | Water | 66 730 353 | 47 083 516 | 19 646 836 |
| 29 137 997 | 68 017 929 | (38 879 932) | Electricity | 103 724 086 | 84 882 706 | 18 841 380 |
| 4 095 702 | 2 165 681 | 1 840 021 | Other | 3 397 992 | 570 217 | 2 827 775 |
| 380 441 145 | 320 716 282 | 59 724 863 | Sub Total | 417 099 571 | 362 769 602 | 54 329 969 |
| - | (15 259 867) | 15 259 867 | Less: Inter-Dept Charges | - | (16 565 970) | 16 565 970 |
| 380 441 145 | 305 456 415 | 74 984 730 | Total | 417 099 571 | 346 203 632 | 70 895 939 |
| - | - | - | Add: Share of Associate | - | - | - |
| - | 74 984 730 | - | | - | - | 70 895 939 |

Saldanha Bay Municipality
Appendix E(1)
30 June 2009

Actual versus Budget for the year ended 30 June 2009

| | 2009 | 2009 | 2009 | 2009 | Explanation of Significant Variances |
|---|--------------------|--------------------|--------------------|---------------|---|
| REVENUE | Actual (R) | Budget (R) | Variance (R) | Variance (%) | greater than 10% versus Budget |
| Property rates | 82 953 348 | 82 359 786 | 593 562 | 0.7% | |
| Property rates - penalties imposed and collection charges | 5 186 999 | 5 689 976 | -502 977 | -8.8% | |
| Service charges | 216 904 783 | 217 162 978 | -258 195 | -0.1% | |
| Rental of facilities and equipment | 7 863 105 | 7 840 718 | 22 387 | 0.3% | |
| Interest earned - external investments | 37 630 308 | 20 326 825 | 17 303 483 | 85.1% | Higher rate of return than anticipated\ |
| Interest earned - outstanding debtors | 2 416 526 | 2 527 160 | -110 634 | -4.4% | |
| Fines | 1 661 748 | 1 815 000 | -153 252 | -8.4% | |
| Licences and permits | 746 367 | 753 500 | -7 133 | -0.9% | |
| Income for agency services | 2 451 903 | 2 513 404 | -61 501 | -2.4% | |
| Government grants and subsidies | 52 487 719 | 46 235 632 | 6 252 087 | 13.5% | Lower expenditure against subsidies than expected |
| Other income | 5 691 169 | 8 745 803 | -3 054 634 | -34.9% | |
| Gains on disposal of property, plant and equipment | 1 105 597 | 21 000 | 1 084 597 | 5164.7% | Actual income higher than anticipated |
| Total Revenue | 417 099 571 | 395 991 782 | 21 107 789 | 5.3% | |
| EXPENDITURE | | | | | |
| Employee related costs | 107 534 613 | 116 363 260 | -8 828 647 | -7.6% | |
| Remuneration of Councillors | 5 410 946 | 5 538 040 | -127 094 | -2.3% | |
| Bad debts | 8 893 264 | 15 166 785 | -6 273 521 | -41.4% | Actual expenditure lower than anticipated |
| Collection costs | 236 557 | 737 614 | -501 057 | -67.9% | Actual expenditure higher than anticipated |
| Depreciation | 29 296 487 | 33 978 718 | -4 682 231 | -13.8% | Actual expenditure lower than anticipated |
| Repairs and maintenance | 19 728 081 | 22 696 833 | -2 968 752 | -13.1% | Actual expenditure lower than anticipated |
| Interest paid | 6 704 925 | 6 858 752 | -153 827 | -2.2% | |
| Bulk purchases | 91 227 127 | 92 779 416 | -1 552 289 | -1.7% | |
| Grants and subsidies paid | 14 628 001 | 45 040 394 | -30 412 393 | -67.5% | Lower expenditure against subsidies than expected |
| General expenses | 62 543 631 | 56 831 970 | 5 711 661 | 10.1% | Actual expenditure higher than anticipated |
| Total Expenditure | 346 203 634 | 395 991 782 | -49 788 148 | -12.6% | |
| NET SURPLUS/(DEFICIT) FOR THE YEAR | 70 895 937 | - | 70 895 937 | 0.0% | |

Saldanha Bay Municipality

Appendix E(2)

30 June 2009

Actual Versus Budget for the year ended 30 June 2009

| | <u>2009</u> <u>Actual</u> | <u>2009</u> <u>Under</u> <u>Construction</u> | <u>2009</u> <u>Total</u> <u>Additions</u> | <u>2009</u> <u>Amendment</u> <u>Budget</u> | <u>2009</u> <u>Variance</u> | <u>2009</u> <u>Variance</u> | <u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u> |
|-----------------------------|------------------------------|--|---|--|--------------------------------|--------------------------------|---|
| | R | R | R | R | R | % | |
| Executive & Council | 216 845 | -3 000 | 213 845 | 282 400 | -68 555 | -24.3% | Expenditure lower than anticipated |
| Finance & Admin | 4 872 364 | -531 053 | 4 341 311 | 5 159 840 | -818 529 | -15.9% | Expenditure lower than anticipated |
| Planning & Development | 885 953 | 0 | 885 953 | 1 866 938 | -980 985 | -52.5% | Expenditure lower than anticipated |
| Environmental Management | 0 | 0 | 0 | 25 000 | -25 000 | -100.0% | Expenditure lower than anticipated |
| Community & Social Services | 4 163 229 | 3 774 325 | 7 937 553 | 16 579 363 | -8 641 810 | -52.1% | Expenditure lower than anticipated |
| Housing | 21 059 177 | 2 061 | 21 061 237 | 26 384 316 | -5 323 079 | -20.2% | Expenditure lower than anticipated |
| Public Safety | 344 922 | 0 | 344 922 | 945 000 | -600 078 | -63.5% | Expenditure lower than anticipated |
| Waste Management | 4 157 116 | 2 924 630 | 7 081 746 | 9 933 769 | -2 852 023 | -28.7% | Expenditure lower than anticipated |
| Road Transport | 14 663 684 | 254 240 | 14 917 923 | 21 266 664 | -6 348 741 | -29.9% | Expenditure lower than anticipated |
| Water | 7 849 233 | 5 580 665 | 13 429 898 | 24 370 157 | -10 940 259 | -44.9% | Expenditure lower than anticipated |
| Electricity | 12 088 166 | 562 707 | 12 650 873 | 17 207 364 | -4 556 491 | -26.5% | Expenditure lower than anticipated |
| Other | 798 714 | 0 | 798 714 | 872 000 | -73 286 | -8.4% | Expenditure lower than anticipated |
| Total | 71 099 402 | 12 564 573 | 83 663 976 | 124 892 811 | -41 228 835 | -33.0% | |

Saldanha Bay Municipality
Appendix F
30 June 2009

Grant and Subsidies Received for the Financial Year ended 30 June 2009

| Name of Grants | Name of organ of state or municipal entity | Quarterly Receipts | | | | Quarterly Expenditure | | | | Grants and Subsidies delayed / withheld | | | | Reason for delay / withholding of funds | Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act | Reason for non-compliance |
|---------------------------|--|--------------------|------------|------------|------------|-----------------------|------------|------------|-----------|---|------|-----|-------|---|--|---------------------------|
| | | | Sept | Dec | March | June | Sept | Dec | March | June | Sept | Dec | March | June | | |
| | | R | R | R | R | R | R | R | R | R | | | | | Yes / No | |
| MIG | QORA | - | 1 500 000 | 4 300 000 | - | 1 217 025 | 122 868 | 921 694 | 320 656 | - | - | - | - | - | Yes | N/A |
| Housing | Dept. of Housing | 3 200 000 | 5 850 000 | 6 872 000 | 8 957 882 | 9 139 783 | 6 142 942 | 3 029 278 | 3 145 858 | - | - | - | - | - | Yes | N/A |
| SOF | West Coast District Municipality | - | - | - | - | - | - | - | - | - | - | - | - | - | Yes | N/A |
| Environmental | Dept. of Environmental Affairs | - | - | - | 2 473 087 | 600 649 | 1 050 932 | 52 914 | 19 663 | - | - | - | - | - | Yes | N/A |
| Social Dev | Dept. of Social Development | - | - | - | - | 6 111 | 272 501 | 146 241 | 167 837 | - | - | - | - | - | Yes | N/A |
| MSIG | QORA | 400 000 | - | - | - | - | - | 17 047 | 53 137 | 146 788 | - | - | - | - | Yes | N/A |
| Transport | Dept. of Transport | - | - | 464 358 | 126 607 | - | - | - | 820 158 | - | - | - | - | - | Yes | N/A |
| Culture | Dept. of Culture | 129 528 | - | 538 583 | - | 129 528 | - | 433 834 | 52 329 | - | - | - | - | - | Yes | N/A |
| FMS | QORA | 500 000 | - | - | - | 65 621 | 37 472 | 17 047 | 700 032 | - | - | - | - | - | Yes | N/A |
| Dept Min & En | Dept. of Minerals and Energy | - | - | - | - | - | 1 693 877 | - | 259 470 | - | - | - | - | - | Yes | N/A |
| Health | Dept. of Health | - | - | - | - | - | - | - | - | - | - | - | - | - | Yes | N/A |
| Councillors Remuneration | QORA | - | - | 945 000 | - | - | - | - | 945 000 | - | - | - | - | - | Yes | N/A |
| Contributions Electricity | QORA | - | - | 1 803 090 | - | 1 580 | - | 123 | 1 803 212 | - | - | - | - | - | Yes | N/A |
| Equitable Share | QORA | 5 047 583 | 4 535 697 | 6 914 730 | - | 1 637 170 | 1 666 341 | 1 729 459 | 1 657 443 | - | - | - | - | - | Yes | N/A |
| | | 0.00 | 10 277 111 | 11 828 687 | 21 587 756 | 11 657 576 | 12 997 447 | 10 969 990 | 6 383 772 | 10 348 576 | - | - | - | - | | |

Saldanha Bay Municipality
Appendix G
30 June 2009

STATISTICAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2009

| | 2008/09 | 2007/08 | 2006/07 | 2005/06 |
|--|------------|------------|------------|------------|
| General Statistics | | | | |
| Population | 106 066 | 100 775 | 95 748 | 90 972 |
| Number of registered voters | 43 267 | 38 131 | 38 131 | 38 131 |
| Area (km ²) | 1 767 | 1 767 | 1 767 | 1 767 |
| Total Valuations | | | | |
| - Taxable (R million) | 88 173 | 12 789 | 4 687 | 4 822 |
| - Non Taxable (R million) | | 10 | 114 | 136 |
| - Residential (R million) | 59 213 | 9 496 | 2 950 | 2 650 |
| - General Residential (R million) | 842 | 278 | 112 | 98 |
| - Business (R million) | 6 161 | 496 | 279 | 279 |
| - Industrial (R million) | 7 746 | 689 | 341 | 332 |
| - Transport/Spoorroad/Port/air (R million) | 704 | 81 | 46 | 5 |
| - Public Works (R million) | 6 744 | | 306 | 369 |
| - Telkom (R million) | | | 4 | 4 |
| - Provincial Administration (R million) | | 479 | 42 | 43 |
| - Smallholdings (R million) | 0 | 277 | 95 | 78 |
| - Agriculture (R million) | 2 774 | 513 | 224 | 176 |
| - Other (R million) | 3 989 | 480 | 279 | 285 |
| Valuation Date | 01/07/2007 | 01/07/2007 | 01/01/2001 | 01/01/2001 |
| Last general valuation came into effect on 1 July 2007 | | | | |
| Number of sites | | | | |
| Number of sites valued | 35 100 | 33 032 | 31 572 | 30 062 |
| - Residential | 30 743 | 29 545 | 25 329 | 25 288 |
| - Industrial | 435 | 476 | | |
| - Business | 481 | 446 | | |
| - Public Works | 248 | | 289 | 253 |
| - Telkom | | | 6 | 6 |
| - Provincial Administration | | 68 | 28 | 25 |
| - Smallholdings | 555 | 548 | 539 | 503 |
| - Agriculture | 765 | 777 | 796 | 765 |
| - Other | 1 871 | 1 172 | 4 591 | 3 224 |
| Assessment Rates | | | | |
| General | | | | |
| - Land | 1 1890 c/R | 1 1477 c/R | 4 3615 c/R | 4 2306 c/R |
| - Buildings | 1 1890 c/R | 1 1477 c/R | 1 4538 c/R | 1 4102 c/R |
| <u>Other - Tariffs lower than general with the following % :</u> | | | | |
| - Single residential | 50% | 50% | 50% | 50% |
| - Smallholdings | 50% | 50% | 50% | 50% |
| - Agriculture | 95% | 95% | 97% | 97% |
| - Nature Reserves | 75% | 75% | 75% | 75% |
| <u>Pensioners: Tariff lower than single residential with the following %</u> | | | | |
| - not exceeding income of R42 000 p.a. | 40% | 40% | 40% | 40% |
| - not exceeding income of R46 200 p.a. | 30% | 30% | 30% | 30% |
| - not exceeding income of R50 820 p.a. | 20% | 20% | 20% | 20% |
| Number of employees in service | 508 | 901 | 802 | 766 |
| Cleansing Statistics | | | | |
| Km completed | 402 180 | 318 240 | 281 987 | 501 264 |
| Refuse removed (m ³) | 185 642 | 154 548 | 142 179 | 136 912 |
| Cost per m ³ removed | 125 215 | 108.91 | 89.52 | 83.43 |
| Income per m ³ removed | 178 000 | 139.87 | 112.53 | 123.86 |
| Number of removals per month | 28 624 | 26 429 | 24 579 | 24 147 |
| Sewerage Statistics | | | | |
| Sewerage water purification (Ml) | 5 621 | 5 807 | 3 335 | 2 900 |
| Cost per kl purified | 3.36 | 3.43 | 4.25 | 2.90 |
| Income per kl purified | 4.39 | 4.35 | 7.50 | 5.09 |
| Electricity Statistics | | | | |
| Units (kWh) purchased ('000) | 228 537 | 220 804 | 215 349 | 207 649 |
| Purchase cost : cent per kWh | 25.87 | 19.72 | 17.01 | 20.28 |
| Units (kWh) sold ('000) | 199 188 | 198 473 | 194 278 | 187 388 |
| Units (kWh) lost | | | | |
| - with distribution ('000) | 29 349 | 22 331 | 21 071 | 20 260 |
| Percentage loss on distribution | 12.84 | 10.11 | 9.78 | 9.80 |
| Cost per unit sold | 0.43 | 0.34 | 0.30 | 0.30 |
| Income per unit sold | 0.52 | 0.40 | 0.43 | 0.36 |
| Number of consumers | 19 729 | 19 173 | 18 793 | 18 531 |
| Water Statistics | | | | |
| Kl purchased ('000) | 12 943 | 12 779 | 12 524 | 11 554 |
| Purchase cost per kl | 8 2.49 | 8 2.39 | 8 2.28 | 8 2.24 |
| Kl sold ('000) | 10 863 | 11 217 | 10 914 | 10 975 |
| Kl lost on distribution ('000) | 2 080 | 1 562 | 1 710 | 578 |
| Percentage loss on distribution | 16.07 | 12.22 | 13.55 | 5.01 |
| Cost per Kl sold | 4.33 | 4.80 | 4.08 | 3.21 |
| Income per Kl sold | 6.14 | 6.26 | 6.55 | 5.41 |
| Number of consumers | 24 725 | 22 429 | 21 728 | 21 179 |

Saldanha Bay Municipality
Appendix H
30 June 2009

| Deviations in terms of paragraph 36(1) of the Supply Chain Management Policy | | | | | | | |
|--|----------|-----------|----------|---------------------------------------|------------|--|---|
| ACC NO. | DATE | ORDER NO. | DATE | BUSINESS | AMOUNT | DESCRIPTION | REASON FOR DEVIATION |
| | | | | | R | | |
| 110765 | 20090310 | 811472 | 20090311 | Shoprite Checkers | 2 000.00 | Aankoop van goedere | Aankoop van goedere ten bate van Cancer Relay for Life 14-15 Maart 2009 as skenking. Die bedrag van R2000.00 is deur die Munisipale Bestuurder goedgekeur. Geen kwotasies gevra, Art.36 van Voorsieningskanaal Beleid |
| 4607 | 20090312 | 811732 | 20090316 | MCK Engineering | 261 250.00 | Supply & delivery of 6m3 waste skips | Permission is hereby granted for deviation from clause 36(1)(v) of the Municipal Supply Chain Management Policy regarding request for quotation for the buying of waste skips |
| 2311 | 20090220 | 811058 | 20090330 | Imbali Digital Solutions | 101 520.00 | Druk, vou en pos van algemene waardasie kennisgewings | In terme van Artikel 36 (1)(v) is goedkeuring verleen vir die afwyking om kwotasies vir 7 dae te adverteer op die Raad se webwerf en kennisgewingborde weens die dringendheid van betyde uitstuur van kennisgewings |
| 105262 | 20090225 | 811392 | 20090310 | ASCH Professional Services (Pty) Ltd. | 88 171.83 | Professional engineering services for upgrading of Vredenburg Water Tower Pumpstation | Permission is requested to deviate from the Municipal Supply Chain Management Policy with regards to the Request Of Tenders as stipulated in Clause 36(1)(v) |
| 106617 | 20090323 | 812162 | 20090323 | Emergency Glass Repairs | 539.00 | Vervanging van glas | Afwyking, dat goedkeuring verleen word, dat afgewyk word van die aankoopprosedure in terme van klousule 36(1)(a)(1) |
| 91449 | 20090408 | 813186 | 20090408 | AMC Planthire | 970 927.85 | Skeoonaak projek: Vee van strate | Afwyking, goedkeuring verkry van MB vir die afwyk van die vereiste verkrygingsprosedure in sekere omstandighede - Artikel 36 (1) |
| 100927 | 20090416 | 813511 | 20090416 | Eyeon Newmedia | 34 975.00 | Produce a 25 minute video production: Saldanha: The As West Coast Bizz Hub | Afwyking, goedkeuring verkry van MB vir die afwyk van die vereiste verkrygingsprosedure in sekere omstandighede (Artikel 36 (1)(a)(1)) |
| 2367 | 20090424 | 814095 | 20090429 | Deloitte Consulting | 165 832.00 | Implementering van "roadmap" | Afwyking, in terme van Art.36 (1) (a) van die Voorsieningskanaal Bestuur Beleid om van die aanva van tenders af te sien |
| 2152 | 20090505 | 814401 | 20090507 | Complete Telecom Solutions | 39 451.98 | Installeer radio kommunikasie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van kwotasies / tenders |
| 100936 | 20090508 | 814542 | 20090508 | Eyeon Newmedia CC | 20 701.40 | Saldanha / Netherlands business platform: Appointment of service provider incl. air ticket | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van kwotasies / tenders |
| 89860 | 20090511 | 814987 | 20090514 | Ann Mitt Trading | 197 087.40 | Supply & deliver of Nissan NP300, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 89861 | 20090511 | 814986 | 20090514 | Ann Mitt Trading | 197 087.40 | Supply & deliver of Nissan NP300, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 89862 | 20090511 | 814985 | 20090514 | Ann Mitt Trading | 197 087.40 | Supply & deliver of Nissan NP300, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 89864 | 20090511 | 814984 | 20090514 | Ann Mitt Trading | 197 087.40 | Supply & deliver of Nissan NP300, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 89863 | 20090511 | 814983 | 20090514 | Ann Mitt Trading | 197 087.40 | Supply & deliver of Nissan NP300, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 89858 | 20090511 | 814982 | 20090514 | Ann Mitt Trading | 116 636.99 | Supply & deliver of Nissan NP200, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |

| | | | | | | | |
|--------|----------|--------|----------|----------------------------|------------|--|---|
| 89857 | 20090511 | 814981 | 20090514 | Ann Mitt Trading | 116 636.99 | Supply & deliver of Nissan NP200, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 89859 | 20090511 | 814980 | 20090514 | Ann Mitt Trading | 197 087.40 | Supply & deliver of Nissan NP300, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 89855 | 20090511 | 814969 | 20090514 | Weskaap Motors | 143 799.83 | Supply & deliver of Chev Aveo, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 89856 | 20090511 | 814971 | 20090514 | Weskaap Motors | 143 799.83 | Supply & deliver of Chev Aveo, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 89865 | 20090511 | 815014 | 20090514 | Protea Toyota | 139 443.18 | Supply & deliver Toyota Avanza, registrasie & lisensie | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 1461 | 20090515 | 815110 | 20090515 | Weskus Kommunikasie | 124 650.00 | Steel grave boxes | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 7165 | 20090520 | 815353 | 20090522 | Abacus Micro Systems | 36 176.76 | Seagate cheetah SCSI 300GB hard drives hot swāp | Goedkeuring, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Bestuurs Beleid verleen word dat afgesien word van die plasing van advertensies op die raad se webwerf vir kwotasies / tenders |
| 89880 | 20090515 | 815478 | 20090526 | Volkswagen Weskus | 210 934.52 | Supply & deliver of Citi Storms 1.4i, registration & licence | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorsieningskanaal Beleid verleen word, dat afgesien word van die vra van tenders |
| 106744 | 20090521 | 815522 | 20090526 | Complete Telecom Solutions | 10 672.68 | Installering van radio kommunikasie | Afwyking, in terme van Klousule 36(1)(v) van die Voorsieningskanaal Beleid vir die aanwysing van 'n verskaffer vir hierdie doeleindes a.g.v. die dringendheid van hierdie diens na die buite kantore |
| 106743 | 20090521 | 815523 | 20090526 | Complete Telecom Solutions | 5 643.00 | Installering van radio kommunikasie | Afwyking, in terme van Klousule 36(1)(v) van die Voorsieningskanaal Beleid vir die aanwysing van 'n verskaffer vir hierdie doeleindes a.g.v. die dringendheid van hierdie diens na die buite kantore |
| 106742 | 20090521 | 815524 | 20090526 | Complete Telecom Solutions | 25 199.70 | Installering van radio kommunikasie | Afwyking, in terme van Klousule 36(1)(v) van die Voorsieningskanaal Beleid vir die aanwysing van 'n verskaffer vir hierdie doeleindes a.g.v. die dringendheid van hierdie diens na die buite kantore |
| 106741 | 20090521 | 815525 | 20090526 | Complete Telecom Solutions | 8 724.42 | Installering van radio kommunikasie | Afwyking, in terme van Klousule 36(1)(v) van die Voorsieningskanaal Beleid vir die aanwysing van 'n verskaffer vir hierdie doeleindes a.g.v. die dringendheid van hierdie diens na die buite kantore |
| 106740 | 20090521 | 815526 | 20090526 | Complete Telecom Solutions | 7 242.42 | Installering van radio kommunikasie | Afwyking, in terme van Klousule 36(1)(v) van die Voorsieningskanaal Beleid vir die aanwysing van 'n verskaffer vir hierdie doeleindes a.g.v. die dringendheid van hierdie diens na die buite kantore |
| 106739 | 20090521 | 815527 | 20090526 | Complete Telecom Solutions | 7 926.42 | Installering van radio kommunikasie | Afwyking, in terme van Klousule 36(1)(v) van die Voorsieningskanaal Beleid vir die aanwysing van 'n verskaffer vir hierdie doeleindes a.g.v. die dringendheid van hierdie diens na die buite kantore |
| 106738 | 20090521 | 815528 | 20090526 | Complete Telecom Solutions | 6 662.16 | Installering van radio kommunikasie | Afwyking, in terme van Klousule 36(1)(v) van die Voorsieningskanaal Beleid vir die aanwysing van 'n verskaffer vir hierdie doeleindes a.g.v. die dringendheid van hierdie diens na die buite kantore |
| 106737 | 20090521 | 815529 | 20090526 | Complete Telecom Solutions | 7 072.56 | Installering van radio kommunikasie | Afwyking, in terme van Klousule 36(1)(v) van die Voorsieningskanaal Beleid vir die aanwysing van 'n verskaffer vir hierdie doeleindes a.g.v. die dringendheid van hierdie diens na die buite kantore |

| | | | | | | | |
|------|----------|--------|----------|--------------------------------|------------|--|--|
| 7834 | 20090528 | 815737 | 20090529 | AMC Plantaire | 741 000.00 | Vee van strate | Afwyking, Artikel 36 (1) meld dat die verantwoordelike beampte (Munisipale Bestuurder), mag afwyk van die vereiste verkrygingsprosedure in sekere omstandighede |
| 4837 | 20090506 | 814709 | 20090512 | Fuse Industries | 121 500.00 | Lugversorgers | Artikel 36 afwyking |
| 4704 | 20090526 | 815775 | 20090601 | Fuse Industries | 32 001.44 | Voorstening en installering van diefwering en veiligheidshekke | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorzieningskanaal Beleid verleen word, dat daar afgesien word vir die plaas van advertensies op die raad se webtuiste en kennisgewingborde |
| 4705 | 20090602 | 816709 | 20090608 | Eden 2204 Painting Contractors | 58 500.00 | Opgradering aan die Diazville Kompleks (insluitend alle skoonmaak en verf) | Afwyking, in terme van Klousule 36(1)(v) van die raad se Voorzieningskanaal Beleid verleen word, dat daar afgesien word vir die plaas van advertensies vir die verkryging van dienste vir die Opgradering van Diazville Kompleks |
| 1491 | 20090617 | 816631 | 20090618 | V.D.M. Grondverskuiwing BK. | 20 976.00 | Huur van 20 ton excavator & lowbed | Permission is granted for deviation from clause 36(1)(v) of the Municipal Supply Chain Management Policy regarding the hiring of excavator |
| 9403 | 20090618 | 816700 | 20090622 | Robotech Traffic Systems | 14 962.50 | Herstel van verkeersligte | Afwyking, goedkeuring verleen ingevolge Klousule 36(1)(v) van die Voorzieningskanaal Bestuursbeleid vir aanstel van Robotech Traffic Systems vir die herstel van verkeersligte |

| | | | | | | | |
|--|---------------|---------------------------------------|--|----------------------------------|-----------------------------------|--|---|
| | 24-Nov-08 | Langebaan | | Butterfly Kiddies Care Centre | R100 pm | | Art 36 (1) (a) (v) afwyking verleen aangesien dit in belang van die gemeenskap was. |
| | | | | Langebaan | | | |
| | 24 Des 2008 | | | ODS Consultants | R55 860 | | ODS het strategiese sessie met Burgemeesterskomitee gehou. Pro-ses van fasilitering van uitdiens-stelling van mnr H Snyders en die aanstelling van Waarnemende Munisipale Bestuurder. |
| | 05 Jan 2009 | Plaas 282/3 Middelpos | | Saldanha Masincedene Development | R200 pj | | Boerdery vir voorheen benadeeldes. Verlenging van huurkontrak na nege jaar en elf maande om finansiële steun te kry. |
| | 05 Jan 2009 | Erf 344, Laingville | | Siyakha | R200 pm | | Varkboerdery projek. Verlenging van huurtermyn na nege jaar en elf maande. |
| | 9 Mei 2009 | Rhodesvossingel Watertoring Langebaan | | Vodacom | R36 102,23 pj plus 8% eskalase pj | | Hernuwing van huurooreenoms. |
| | 21-Apr-09 | Erf 350-11 Hopefield | | O Papier | R100 pj | | Tuinmaakdoeleindes. Gemeenskapsbelang |
| | 13 Mrt 2009 | Erf 1, Langebaan | | Strandloper | R108 091,25 pj + 10% eskalase pj | | Hernuwing van huurkontrak |
| | 21 April 2009 | Erf 7804, Vredenburg | | Beansa Trust | R7 432 pm | | Hernuwing van kantoorspasie vir Menslike Hulpbrondienste. |
| | 03 Jun 2009 | Pl 304 Hopefield | | J P Hurter | R300 pj | | Hernuwing van huurkontrak. Bye-boerdery. |
| | | Erf 3647, Saldanha | | Saldanha Beach Sailing Club | R100 pj | | Hernuwing van huurkontrak van Saldanha Beach Sailing Club |
| | | Erf 2747, Vredenburg | | A J Kotzé | R550 000 | | Raadsbesluit afdeling. Vervreemding van padreserwe aandigging tot mnr Kotzé se grond |

Saldanha Bay Municipality
Appendix I
30 June 2009

| Financial Institution | Call Deposit Number | Balance 30/06/2009 |
|-----------------------|------------------------|-----------------------|
| ABSA | 2068927236 | 5 000 000.00 |
| ABSA | 2068927163 | 5 000 000.00 |
| ABSA | 2068927197 | 5 000 000.00 |
| ABSA | 2068927074 | 5 000 000.00 |
| ABSA | 2069002592 | 5 000 000.00 |
| ABSA | 2069002631 | 5 000 000.00 |
| ABSA | 2069087821 | 5 000 000.00 |
| ABSA | 2069087855 | 5 000 000.00 |
| ABSA | 2069087758 | 5 000 000.00 |
| ABSA | 2069087805 | 5 000 000.00 |
| ABSA | 2069087790 | 5 000 000.00 |
| ABSA | 20691418209 | 5 000 000.00 |
| ABSA | 2069141809 | 5 000 000.00 |
| ABSA | 2069141833 | 5 000 000.00 |
| ABSA | 2069141817 | 5 000 000.00 |
| ABSA | 2069141859 | 5 000 000.00 |
| Sub-Total | | 80 000 000.00 |
| First National Bank | 71215099279 | 5 000 000.00 |
| First National Bank | 71215100117 | 5 000 000.00 |
| First National Bank | 71215098338 | 5 000 000.00 |
| First National Bank | 71218857913 | 5 000 000.00 |
| First National Bank | 71218858440 | 5 000 000.00 |

| Financial Institution | Call Deposit Number | Balance 30/06/2009 |
|-----------------------|------------------------|-----------------------|
| First National Bank | 71222825310 | 5 000 000.00 |
| First National Bank | 71222825617 | 5 000 000.00 |
| First National Bank | 71222825815 | 5 000 000.00 |
| First National Bank | 71222825419 | 5 000 000.00 |
| First National Bank | 71225121723 | 5 000 000.00 |
| First National Bank | 7.12255E+11 | 5 000 000.00 |
| Sub-Totaal | | 55 000 000.00 |
| Standard Bank | 398833 | 5 000 000.00 |
| Standard Bank | 398835 | 5 000 000.00 |
| Standard Bank | 398836 | 5 000 000.00 |
| Standard Bank | 400631 | 5 000 000.00 |
| Standard Bank | 400632 | 5 000 000.00 |
| Standard Bank | 400633 | 5 000 000.00 |
| Standard Bank | 400635 | 5 000 000.00 |
| Standard Bank | 402536 | 5 000 000.00 |
| Standard Bank | 402537 | 5 000 000.00 |
| Standard Bank | 402538 | 5 000 000.00 |
| Standard Bank | 402540 | 5 000 000.00 |
| Standard Bank | 402541 | 5 000 000.00 |
| Standard Bank | 438200 | 5 000 000.00 |
| Standard Bank | 438201 | 5 000 000.00 |
| Standard Bank | 438202 | 5 000 000.00 |
| Standard Bank | 438203 | 5 000 000.00 |

| Financial Institution | Call Deposit | Balance |
|-----------------------|----------------|----------------|
| | Number | 30/06/2009 |
| Sub- Totaal | | 80 000 000.00 |
| Nedbank | 27454D75665951 | 5 000 000.00 |
| Nedbank | 27453D75665951 | 5 000 000.00 |
| Nedbank | 27456D75665951 | 5 000 000.00 |
| Nedbank | 27455D75665951 | 5 000 000.00 |
| Nedbank | 1546D75665951 | 5 000 000.00 |
| Nedbank | 1545D75665951 | 5 000 000.00 |
| Nedbank | 1548D75665951 | 5 000 000.00 |
| Nedbank | 1547D75665951 | 5 000 000.00 |
| Nedbank | 3810DZ0795952 | 5 000 000.00 |
| Nedbank | 3811DZ0795952 | 5 000 000.00 |
| Nedbank | 3809DZ0795952 | 5 000 000.00 |
| Nedbank | 3808DZ0795952 | 5 000 000.00 |
| Nedbank | 5611DZ0795952 | 5 000 000.00 |
| Nedbank | 5660DZ0795952 | 5 000 000.00 |
| Nedbank | 5663DZ0795952 | 5 000 000.00 |
| Nedbank | 5662DZ0795952 | 5 000 000.00 |
| Sub-Totaal | | 80 000 000.00 |
| TOTAAL | | 295 000 000.00 |

Saldanha Bay Municipality
Appendix J
30 June 2009

| Unspent Conditional Grant | 30 June 2009 | 30 June 2008 |
|---|--------------|--------------|
| Vredenburg: Additional Water Reticulation | 63 739 | 63 739 |
| Laingville/Louwville: Town Planning | 321 000 | 321 000 |
| Saldanha: Pump Station Upgrade | 15 334 | 15 334 |
| Chlorine Implementation | 2 857 | 2 857 |
| St. Helena | 1 210 | 1 210 |
| Saldanha: Area Development | 85 688 | 85 688 |
| Hide Away in Paternoster | 44 735 | 44 735 |
| Emergency and Disaster Management | 2 852 | 2 852 |
| PAWK: Human settlement re-dev prog (R/B 66/2-03C/R) | 70 919 | 70 919 |
| Laingville Sewer Works (CMIP) | 1 009 286 | 1 009 286 |
| Middelpos Phase II 45 Erwe (NER) | 4 158 | 4 158 |
| Namakwa Sands (R/B 50/7-02) | 228 | 228 |
| Solardome (R60/11-03)(R69/1-04) | 83 303 | 83 303 |
| Hopefield Sewer Works Upgrade(D/M:SOF)(R34/7-03C/R) | 210 783 | 210 783 |
| Vredenburg Taxi Ranks (PAWK)(R44/1-04) | 50 687 | 50 687 |
| Saldanha SSK Taxi (R44/1-04) | 4 735 | 4 735 |
| Diazville upgrading sidewalks (R48/11-03) | 41 504 | 41 504 |
| St Helena Bus Offramps | 26 000 | 26 000 |
| Green Village: Sewer Investigation | 35 088 | 35 088 |
| Middelpos Streets | 500 000 | 500 000 |
| Golden Mile Water Network | 5 650 | 5 650 |
| Community Radio Station | 70 000 | 70 000 |
| Hopefield: Water Masterplan | 8 886 | 8 886 |
| Middelpos: Sidewalks 5641/1/335/1 | 6 126 | 6 126 |
| Hopefield Sewer | 126 579 | 126 579 |
| St Helenabaai Sewer | 144 318 | 144 318 |
| Diazville Streetlights | 109 197 | 109 197 |
| Entrance Road RDP Houses | 45 941 | 45 941 |
| Vredenburg: Taxi Ranks | 785 000 | 785 000 |
| Saldanha: Taxi Ranks | 533 000 | 533 000 |
| Hopefield Borehole | 34 375 | 34 375 |
| Vredenburg Payment Office | 100 679 | 100 679 |
| Area Development Framework: Coast management | 100 000 | 100 000 |
| Hopefield Water Project | 30 702 | 30 702 |
| Hopefield Reservoir | 1 700 080 | 1 700 080 |
| Cape St Martin: Water | 44 465 | 44 465 |
| Contribution: WDM: Saldanha 5640/1/688/1 | 33 537 | 33 537 |
| Contribution: WDM: Waste 5619/1/051/1 | 122 807 | 122 807 |
| Contribution: Dept. Housing UISP | 964 224 | 964 224 |
| Contribution: SOF: Laingville Solid Waste | 4 493 | 4 493 |
| Upgrade Land Own Rights(31201/2201) | 134 892 | 134 892 |
| Electrification Louwville (31201/2211) | 65 387 | 65 387 |
| Westcoast Subsarea STR (31201/2221) | 22 150 | 22 150 |
| Cities for Climate Protection (31201/2231) | 391 655 | 391 655 |
| Western Cape Clean-Up (31201/2241) | 22 194 | 22 194 |
| Management Development (31201/2251) 10005 372 / 876 | 35 570 | 35 570 |
| Area Development: Hers (31201/2261) 5748 5 614 1 | 192 666 | 192 666 |
| FMG 10005 375/ 387 /10005 796 | 15 479 | 335 662 |
| Soupkitchen (31201/2281) 10091 122 | 11 144 | 11 144 |
| Sport and recreation (31201/2291) | - | 34 378 |
| Performance Management (31201/2311) | 19 708 | 19 708 |
| Boland Rugby: Lotto (31201/2331) | - | 60 000 |
| PAWK: 800 Units Middelpos | 381 092 | 381 092 |
| DME: Electrification Grant | 300 000 | 300 000 |

| Unspent Conditional Grant | 30 June 2009 | 30 June 2008 |
|---|--------------|--------------|
| St. Helenabaai Streets SOF | 129 585 | 129 585 |
| MIG:Louwville Stormwater:5641/1/363/1;5741 1 363 1; 584113771 | 1 470 534 | 878 504 |
| Library Grant Capital 5602/2/051/1; 580220511 | 1 637 354 | 1 730 000 |
| Library Grant Operating: Library assts salaries 10002 385/ 876; 10002/001 | 40 317 | 161 832 |
| CDW Program 10091 / 386 | 108 093 | 58 977 |
| Youth Development 10091/062 | - | 100 000 |
| National Imbizo Week 10005/092 | 35 604 | 35 604 |
| MIG: Vredenburg: Sewer 5640/1/674/1 5740 1 674 1 | 438 866 | 438 866 |
| Housing Consumer Education Grant 10070 389 / 876 | 144 923 | 65 000 |
| Cleanest Town Competition 10020 863 | 40 000 | 40 000 |
| Bridging the divide | 105 815 | 105 815 |
| Disaster Damage | - | 239 180 |
| MSIG Municipal System Improvement Grant 10005/373 | 183 028 | - |
| Wesbank:Roads,stormwater & sidewalks MIG 584113971 | 383 762 | - |
| Wesbank:Parke MIG 581724561 | 26 885 | - |
| Reservoir:Vredenburg New 8ML MIG 586517381 | 2 808 515 | - |
| LED: Saldanha Bay Cultural Village (D/M) 10005/388 | 104 749 | - |
| Hopefield Link Road RDP houses Local Govt&Hsg 584114001 | 2 185 000 | - |
| Laingville ERF 80:672 Units (Phase 2) | 1 930 865 | 1 931 322 |
| Middelpoos Infrastructure 800 Units | 4 053 426 | 4 949 542 |
| Hopefield Housing: 400 Units | 1 615 843 | - |
| Emergency Housing: Relocation 150 erven (5672/5/916/1) | 998 654 | 998 654 |
| Saldanha Steel Funds: Diazville | 674 257 | 674 275 |
| Saldanha Steel Funds: Paternoster | 107 880 | 107 880 |
| LED: Paternoster Fish Market | 192 529 | 192 529 |
| Masakhane: Mayor Trust Fund | 88 798 | 88 798 |
| Construction Parking | 20 864 | 20 864 |
| Langebaan: Housing Project | 1 000 | 1 000 |
| Hopefield: Top Structure Contributions | 228 068 | 208 236 |
| Langebaan: Top Structure Contributions | 158 906 | 149 940 |
| | 29 050 219 | 22 857 065 |

Saldanha Bay Municipality
Appendix K
30 June 2009

Reclassification of comparative figures

| Statement of Financial Position | 30 June 2008 (old) | Reclassified | 30 June 2008 (New) |
|--|--------------------|------------------|--------------------|
| ASSETS | | | |
| Current assets | 358 173 056 | 216 680 | 358 389 736 |
| Inventory | 2 781 954 | - | 2 781 954 |
| Other financial assets | 195 526 | 1 | 195 527 |
| Other receivables from non-exchange transactions | 18 686 846 | 19 049 161 | 37 736 007 |
| VAT | 4 573 410 | -4 573 410 | - |
| Trade and other receivable from exchange transactions | 36 184 765 | -14 432 620 | 21 752 145 |
| Operating lease asset | - | 173 548 | 173 548 |
| Call investment deposits | 265 000 000 | -265 000 000 | - |
| Bank balances and cash | 30 737 481 | -30 737 481 | - |
| Cash advances: floats | 13 074 | -13 074 | - |
| Cash and cash equivalents | - | 295 750 555 | 295 750 555 |
| Non-current assets | 550 664 449 | 2 357 863 | 553 022 312 |
| Property, plant and equipment | 548 446 578 | 2 371 464 | 550 818 042 |
| Investment property | - | - | - |
| Investments | - | - | - |
| Other financial assets | 2 217 871 | -13 601 | 2 204 270 |
| Total Assets | 908 837 505 | 2 574 543 | 911 412 048 |
| LIABILITIES | | | |
| Current liabilities | 76 975 945 | 1 699 007 | 78 674 953 |
| Other financial liabilities | 8 874 773 | -86 376 | 8 788 397 |
| Finance lease obligation | - | 86 376 | 86 376 |
| Trade and other receivables from exchange transactions | 31 757 517 | 6 248 609 | 38 006 126 |
| VAT | - | 277 182 | 277 182 |
| Consumer deposits | 8 659 807 | - | 8 659 807 |
| Leave liability | 4 826 784 | -4 826 784 | - |
| Unspent conditional grants and receipts | 22 857 065 | - | 22 857 065 |
| Non-current liabilities | 67 057 363 | 180 625 | 67 237 988 |
| Other financial liabilities | 63 482 786 | -4 323 | 63 478 463 |
| Finance lease obligation | - | 12 385 | 12 385 |
| Provisions | 3 074 577 | 672 563 | 3 747 140 |
| Non-current provisions | 500 000 | -500 000 | - |
| Total Liabilities | 144 033 309 | 1 879 632 | 145 912 941 |
| NETT ASSETS | | | |
| Net Assets | 764 804 196 | 694 911 | 765 499 107 |
| Housing Development fund | 35 451 936 | -35 451 936 | - |
| Capital replacement reserve | 137 288 351 | -137 288 351 | - |
| Capitalisation reserve | 14 943 386 | -14 943 386 | - |
| Government grant reserve | 70 366 859 | -70 366 859 | - |
| Donations and public contribution reserves | 1 545 554 | -1 545 554 | - |
| Self-insurance reserve | 2 203 053 | -2 203 053 | - |
| COD reserve | - | - | - |
| Revaluation reserve | 295 949 079 | - | 295 949 079 |
| Accumulated Surplus/(Deficit) | 207 055 978 | 262 494 050 | 469 550 028 |
| Total Net Assets | 764 804 196 | 694 911 | 765 499 107 |

| Statement of Financial Performance | 30 June 2008 (old) | Reclassified | 30 June 2008 (New) |
|------------------------------------|--------------------|--------------|--------------------|
|------------------------------------|--------------------|--------------|--------------------|

REVENUE

| | | | |
|---|-------------|------------|-------------|
| Property rates | 76 800 170 | 1 | 76 800 171 |
| Property rates - penalties imposed and collection charges | 4 790 523 | - | 4 790 523 |
| Service charges | 184 987 200 | -359 941 | 184 627 259 |
| Rental of facilities and equipment | 8 250 262 | 223 280 | 8 473 542 |
| Interest earned - external investments | 28 364 968 | - | 28 364 968 |
| Interest earned - outstanding debtors | 2 455 386 | 1 | 2 455 387 |
| Fines | 1 903 424 | - | 1 903 424 |
| Licences and permits | 2 055 368 | -1 158 993 | 896 375 |
| Income for agency services | 2 367 851 | - | 2 367 851 |
| Government grants and subsidies | 40 039 073 | 25 690 | 40 064 763 |
| Other income | 27 486 029 | -960 684 | 26 525 345 |
| Public contributions and donations | 326 760 | - | 326 760 |
| Gains on disposal of property, plant and equipment | 2 837 734 | 7 041 | 2 844 775 |

| | | | |
|----------------------|--------------------|-------------------|--------------------|
| Total Revenue | 382 664 749 | -2 223 605 | 380 441 144 |
|----------------------|--------------------|-------------------|--------------------|

EXPENDITURE

| | | | |
|---|------------|------------|------------|
| Employee related costs | 88 383 575 | 157 727 | 88 541 302 |
| Remuneration of Councillors | 4 896 035 | - | 4 896 035 |
| Bad debts | 12 238 092 | - | 12 238 092 |
| Collection costs | 266 703 | - | 266 703 |
| Depreciation | 33 733 645 | -18 | 33 733 627 |
| Repairs and maintenance | 15 621 425 | - | 15 621 425 |
| Interest paid | 6 999 910 | 8 062 | 7 007 972 |
| Bulk purchases | 74 033 015 | - | 74 033 015 |
| Contracted services | 2 318 398 | -2 318 398 | -0 |
| Grants and subsidies paid | 10 762 061 | -1 | 10 762 060 |
| General expenses | 49 535 442 | 1 553 226 | 51 088 668 |
| Loss on disposal of property, plant and equipment | 175 190 | -175 190 | - |
| Housing Schemes Top Structures written out | 5 078 106 | - | 5 078 106 |
| Other written out | 1 961 871 | - | 1 961 871 |
| Inventory written off | - | 227 541 | 227 541 |

| | | | |
|--------------------------|--------------------|-----------------|--------------------|
| Total Expenditure | 306 003 465 | -547 051 | 305 456 414 |
|--------------------------|--------------------|-----------------|--------------------|

| | | | |
|---------------------------------------|-------------------|-------------------|-------------------|
| SURPLUS/(DEFICIT) FOR THE YEAR | 76 661 284 | -1 676 554 | 74 984 730 |
|---------------------------------------|-------------------|-------------------|-------------------|